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REPORT

OF THE

TASK FORCE ON THE BUDGET PROCESS

OF THE

COMMITTEE ON RULES
HOUSE OF REPRESENTATIVES

NINETY-EIGHTH CONGRESS

SECOND SESSION

RECOMMENDATIONS TO IMPROVE THE CONGRESSIONAL BUDGET PROCESS

(TO ACCOMPANY H.R. 5247)

MAY 1984

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LETTER OF TRANSMITTAL

House of Representatives,
Committee on Rules,
Washington, D.C., May 18, 1984.

Hon. Claude Pepper,
Chairman, Committee on Rules.

Dear Mr. Chairman: On behalf of the members of the Task Force on the Budget Process, I hereby transmit the report containing our recommendations for improving the congressional budget process.

As directed by the Rules Committee, our task force has reviewed problems in the congressional budget process and developed a set of recommendations which we think will contribute to their solution. The transmittal of this report concludes the task force's work.

Our review, which began in March, 1982, has led us to the conclusion that Congress should continue to use a concurrent resolution on the budget as the cornerstone of the process, as provided for in the Congressional Budget Act of 1974. However, we recommend amending the Act both to reflect changes which have evolved in the process in recent years and to improve certain aspects of the process which we found problematic: primarily, the timing of budget activity, the system of controls, and the extent of coverage. Our legislative recommendations are embodied in H.R. 5247, introduced on March 27, 1984. Complementary improvements in House procedures which can be implemented without new statutory authority are listed in this report. Explanations of both the provisions of H.R. 5247 and the recommended associated changes are contained in this print.

Briefly, the task force recommends adopting one binding budget resolution (which includes reconciliation instructions) each year, expediting the timetable for budget-related activity in Congress, strengthening budget controls and focusing them at the committee level, expanding the scope of the process to include off-budget Federal entities and controls for credit and tax expenditures, and improving coordination of the process in the House of Representatives. These changes will allow Congress time to complete work on the budget prior to the start of the fiscal year; they will provide us with the tools we need to better understand and act on budget issues; and they will promote better accountability among the committees which participate in the budget process.

The unusual composition of our task force—six members from the Rules Committee and 18 members from other House committees—gave us a rare opportunity to study the congressional budget process from several vantage points. Our review was greatly enhanced by the extensive contributions of members and staff from outside the Rules Committee, to whom we owe much appreciation.

The task force has fulfilled its assigned responsibilities, and we now look forward to working with you and the members of the committee in further pursuit of improving the congressional budget process.

Sincerely,

ANTHONY C. BEILENSON,
Chairman, Task Force on the Budget Process.

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I. SUMMARY OF RECOMMENDATIONS

INTRODUCTION

The Rules Committee Task Force on the Budget Process has reviewed congressional experience with the budget process in recent years, and has determined that some improvements are in order. The task force finds that the timetable needs to be improved to avoid reliance on continuing resolutions to finance the government. All interests competing for the Federal dollar should receive some form of budgetary review, so that the system is fair. Controls that encourage responsible action by committees—and that are straightforward, understandable, and evenhanded—should be implemented.

The task force recommends a course that builds on experience with the Congressional Budget Act of 1974, and on experience with procedures that have evolved since 1974.

The Congressional Budget Act of 1974

The cornerstone of the system established by the Congressional Budget Act of 1974 was a target budget resolution which provided general budgetary guidelines to achieve fiscal policy approved by Congress. After adoption of this first budget resolution, each committee received a target allocation of spending for which it was responsible, and then reported to its House a subdivision of this allocation among its subcommittees or programs. During the summer months Members could be guided on their votes on spending legislation by scorekeeping information comparing targets established under the first budget resolution to the cost estimates of bills under consideration.

The Act also requires adoption of a second, binding budget resolution in September. The budget resolution was to reflect budget re-estimates resulting from changes in the direction of the economy, unforeseen budget requirements, and a review of how revenue and spending legislation adopted during the Summer measured up to the target resolution adopted in the Spring. A special feature of the Act provided that the second budget resolution could carry reconciliation directives for committees to report revenue or spending legislation necessary to implement the fiscal and budgetary policies set forth in that budget resolution. The second budget resolution has not been adopted by Congress in recent years, and reconciliation has developed into a significantly different procedure from that established by the Act.

The Congressional Budget Act of 1974 had three other major features. First, it changed the fiscal year and established a timetable for the purpose of reducing reliance on continuing resolutions. For a few years after the Act became effective, most appropriations were enacted into law prior to the beginning of the fiscal year, but that situation has deteriorated badly.

Second, the Act effectively closed down then prominent "back doors" to the Treasury, including borrowing authority and contract authority. It also attempted, but with less success, to establish budgetary control mechanisms for entitlement authority. Fragmentation of control over the spending side of the budget appears to be a continuing problem. New forms of federal financial commitment have emerged, for which existing controls are not effective.

The third feature was the establishment of a point of order control system for the budget aggregates. Any congressional action that would cause the total revenue floor or total spending ceilings in the second budget resolution to be breached was prohibited. However, shortcomings of this approach have become apparent. The point of order sanction comes too late in the process; it applies only to total spending and revenues; and it fails to fix responsibility clearly on the actions or failures to act that contributed initially to budgetary excesses.

The Budget Process Since 1974

Since 1974, Congress has experimented with a number of changes in the budget process, some of them reversing basic tenets of the Congressional Budget Act of 1974. In the last several years the basic framework has evolved to become an effectively binding single budget resolution adopted in the Spring. Point-of-order control of the first budget resolution aggregates is automatically triggered at the beginning of the fiscal year without formal adoption of a second budget resolution. Reconciliation has become a device to achieve deficit reductions by directing committees to change existing revenue and spending law, and is now initiated by adoption of the first budget resolution. As yet, no firm deadline for approval of reconciliation legislation has developed, and there is no specified sanction for failure of a committee to report legislation directed by the Congress in the budget resolution.

As increasing attention has been given to limiting the growth of spending, credit support has emerged as the most rapidly growing form of federal financial assistance. Controls of credit were not established by the Congressional Budget Act of 1974. Congress has adapted to this phenomenon in recent years, however, by adopting advisory credit controls in budget resolutions and by developing a credit scorekeeping system. Tax expenditures also have demonstrated dramatic growth patterns. While the Act did define tax expenditures, it did not establish controls for them. Moreover, no system has begun to evolve for their control.

Efforts to place and keep all Federal activities in the Unified Federal Budget have had mixed results. In the first few years after 1974, a few programs that had enjoyed off-budget status were returned to the Unified Federal Budget. However, those actions have been more than offset by recent legislation to remove from the budget, effective in fiscal year 1993, expenditures and revenues for Social Security trust funds.

Increased attention has been given to the importance of a multiyear perspective in dealing with the Federal budget. Two planning years beyond the budget year have been included in budget resolutions both for aggregates and functional totals. Reconciliation directives also have covered a period of three years.

Controls established by the Congressional Budget Act of 1974 have changed in a number of ways. Point of order control is now triggered automatically on October 1 to control congressional actions that would cause the Spring budget resolution aggregates to be breached. The point of order does not apply, however, to measures within the jurisdiction of committees that have not exceeded their own control targets established by the first budget resolution. Deferred enrollment has been used in a variety of ways, but it has not proved useful as a control device. It is not included in the first budget resolution for fiscal year 1985 adopted by the House. Reconciliation has been used to produce dramatic changes in the Federal budget, but as indicated earlier, formal sanctions to deal with failure of a committee to report legislation directed by Congress in a budget resolution have not been developed.

RECOMMENDATIONS

The task force recommendations incorporate many features of the Congressional Budget Act of 1974 and the practices that have evolved since then. They are directed principally at improving the budget timetable, strengthening the control system, and expanding the scope of the process to include all Federal activities.

Following is a summary of the major features of H.R. 5247, as recommended by the task force, explained in terms of what will be required upon enactment of the bill:

Use of a Single, Annual Budget Resolution

One budget resolution per year. Only one budget resolution per year will be required. That resolution will be nearly identical in structure to budget resolutions currently used. However, it will no longer be a target resolution. Budget levels set in the resolution will be binding on Congress immediately upon its adoption.

Possible subsequent resolutions. Congress may adopt subsequent budget resolutions revising its earlier resolution at any time.

Rule for floor debate. The House Rules Committee is urged to focus House consideration of budget resolutions on major fiscal and priority issues (principally through making in order substitute amendments), and to require a cost estimate, using common economic assumptions, for each amendment.

Accelerated Timetable

President's budget. The President will be required to submit his budget by the first Monday after January 3, rather than 15 days after Congress convenes, as required by current law. The President will also be required to submit the text of legislation for any new entitlement or revenue proposals in his budget within two weeks after the budget submission.

House organization. The House will convene on January 3, as required by current law, and will be required to elect its committees within seven days.

Authorizations. The House is urged to use the early months of the year to consider necessary authorization bills. In early January, the Congressional Budget Office will submit a list of expiring authorizations which the task force recommends for the use of committees and leadership in setting and announcing monthly schedules for consideration of authorizations between February and May. The current May 15 authorization reporting deadline will be repealed.

Budget resolution. Congress will be required to adopt the annual budget resolution by April 15, a month ealier than the deadline in current law. Committee views and estimates reports, now due on March 15, will be due by February 25.

Appropriations. All appropriations bills will be reported to the House by June 10 (there is no reporting deadline under current law). The House will be prohibited from adjourning for the Independence Day District Work Period until it has completed consideraton of all regular appropriations measures.

Reconciliation. Likewise, the House must complete consideration of any reconciliation legislation before adjourning for the Independence Day District Work Period.

Senate deadlines. The Senate will be required to complete consideration of appropriations and reconciliation legislation by August 15.

Strengthened Controls

Immediate application. Controls will, for the first time, be effective immediately upon adoption of the budget resolution.

Committee accountability. Budget control will focus on committee budget allocations, which may cover the budget impact of legislation up to three years. Committees will receive discretionary action allocations after the budget resolution is adopted. A new point of order will lie against spending, credit, and revenue measures that would cause a committee's discretionary action allocation to be breached.

Overall budget control. The point of order controlling aggregate budget totals will be maintained. But, as in current practice, committee measures that would not breach the committee's own discretionary action allocation will not be subject to that point of order.

Reconciliation. Reconciliation will be focused on entitlements, revenues, and other activities which are not normally reviewed by Congress annually. Reconciliation of authorizations will be prohibited. If a committee does not respond to reconciliation directives, the House Rules Committee is specifically authorized to make in order an amendment to the omnibus reconciliation bill pursuant to the budget resolution directive for that committee.

New financing mechanisms. New controls will inhibit the growing use of financing mechanisms that circumvent the annual appropriations process.

Suspension calendar. House suspension calendar procedures will not be available for spending, revenue, or credit bills which exceed $10 million or which contain certain types of indirect financing.

Expanded Coverage

Off-budget activities. Agencies and activities currently off budget will be put on budget. Those scheduled to go off budget will remain on. Legislation proposing off-budget status will be referred to the House Government Operations Committee.

Credit. Direct loan obligations and primary loan guarantee commitments will be included in the budget resolution and subject to the same controls as direct spending. New credit programs will be controlled through the appropriations process.

Tax expenditures. The budget resolution will include a recommended change to the level of tax expenditures (separate from the current recommended change to the level of revenues). Reconciliation may direct a change in the level of revenues specifically from changes in tax expenditures.

Capital budget. Improved capital planning information is recommended but not a separate capital budget.

Total federal commitment. New information required in the report accompanying a budget resolution will display levels of spending, tax expenditures, and credit for each budget function to encourage trade-offs among programs with similar purposes but different forms of financing.

Improved Institutional Co-ordination

Safeguards on the elastic clause. New procedures and other matters will continue to be permitted to be included in budget resolutions under authority of an "elastic clause," but H.R. 5247 ensures an opportunity to review procedural changes affecting the rules of the House. Changes to House procedures introduced in a budget resolution will be referred automatically to the Rules Committee for five days. Procedural changes first introduced in conference may be given separate consideration when the House considers the conference report. Consultations with affected committees is urged prior to initiation of new procedures.

Member User Group. The Speaker, in consultation with the Minority Leader, will appoint a group of Members to review budgetary scorekeeping rules and practices, and advise him on them.

II. BACKGROUND ON THE TASK FORCE ON THE BUDGET PROCESS

Formation

The Rules Committee Task Force on the Budget Process was appointed in March, 1982, by then chairman of the Rules Committee Richard Bolling. The task force was charged with examining problems with the congressional budget process, reviewing proposals to improve the process, and making recommendations to the full Committee. This review was the first comprehensive effort by the Rules Committee, which is the committee of jurisdiction over the Congressional Budget Act of 1974, to evaluate the operation of the congressional budget process since the Act's adoption.

In addition to appointing six members of the Rules Committee, Rep. Bolling asked nine members of the House of Representatives who did not serve on the Rules Committee to participate as non-voting, advisory members of the task force. Structuring the panel in this manner provided it with a wide range of experience with the budget process.

During the 97th Congress, the following Members served on the task force:

Rules Committee

Anthony C. Beilenson (D-Calif.), Chairman
Martin Frost (D-Tex.)
David E. Bonior (D-Mich.)
Tony P. Hall (D-Ohio)
Delbert Latta (R-Ohio)
John Rhodes (R-Ariz.)

Advisory

James R. Jones (D-Okla.)
Bill Hefner (D-N.C.)
Leon E. Panetta (D-Calif.)
Richard A. Gephardt (D-Mo.)
Adam Benjamin (D-Ind.)
Bill Frenzel (R-Minn.)
Ralph Regula (R-Ohio)
Dick Cheney (R-Wyo.)
Tom Loeffler (R-Tex.)

At the start of the 98th Congress, Rules Committee Chairman Claude Pepper re-appointed the task force, expanding non-voting membership to nineteen principally to provide for greater representation of the members of authorizing committees. The following Members served on the task force during the 98th Congress:

Rules Committee

Anthony C. Beilenson (D-Calif.), Chairman
Martin Frost (D-Tex.)
David E. Bonior (D-Mich.)
Tony P. Hall (D-Ohio)
Delbert L. Latta (R-Ohio)
Trent Lott (R-Miss.)

Advisory

Jamie L. Whitten (D-Miss.)
Clement J. Zablocki (D-Wis.)
James R. Jones (D-Okla.)
Leon E. Panetta (D-Calif.)
Richard A. Gephardt (D-Mo.)
Les Aspin (D-Wis.)
Robert A. Roe (D-N.J.)
John P. Murtha (D-Pa.)
Norman D. Dicks (D-Wash.)
Al Swift (D-Wash.)
Timothy J. Penny (D-Minn.)
Bill Frenzel (R-Minn.)
Ralph Regula (R-Ohio)
Tom Loeffler (R-Tex.)
Dick Cheney (R-Wyo.)
Carl D. Pursell (R-Mich.)
Sid Morrison (R-Wash.)
Judd Gregg (R-N.H.)
Hal Daub (R-Nebr.)

Similarly, the task force staff consisted of staff from the Rules Committee and also several budget specialists from various House committees and Representatives' offices. The panel was assisted by personnel from the Congressional Research Service, the Congressional Budget Office, and the General Accounting Office.

SUMMARY OF ACTIVITIES

The task force began its review of the congressional budget process with a series of informal work sessions. Between April and August, 1982, the task force conducted fifteen meetings in which budget specialists gave presentations on various aspects of congressional budgeting. These work sessions were intended to further Members' understanding of the budget process and to identify problems and their possible solution.

In September, 1982, the task force held four days of general hearings. All members of the House were invited to testify. Sixteen Representatives, including several committee chairmen and ranking minority members as well as the Majority and Minority Leaders appeared before the task force, and an additional fifteen Members submitted statements for the record. The task force also received testimony from several chairmen and ranking minority members of Senate committees with jurisdiction over the Congressional Budget Act of 1974. Testimony was also taken from the Comptroller General, the director of the Congressional Budget Office, and the co-chairman of the Committee for a Responsible Federal Budget.

In February, 1983, the panel recommended a series of informal initiatives and House rules changes to make adjustments in the budget process in the House. Most of these proposals have been incorporated into the task force's final, more comprehensive recommendations (H.R. 5247).

A fifth day of general hearings was held on April 29, 1983 in order to provide public witnesses the opportunity to give their views on the budget process. Testimony was heard from public interest organizations, business and labor groups, and academic witnesses.

Between April and June, 1983, the task force conducted a second series of work sessions. Sixteen meetings were held for the purpose of reviewing issues and considering major alternative proposals for changing the process. Two additional meetings were held in July to determine the course of action the panel was to pursue.

At the direction of the task force chairman, the task force staff developed two comprehensive proposals reflecting decisions made at the July meetings: one to improve the existing budget resolution process, the other to develop further the idea of a comprehensive (or "omnibus") budget bill, a concept initiated by Rep. David Obey. The task force met three times during October and November to discuss the specific provisions of the two proposals, and held two days of hearings on them in February, 1984 after draft language had been prepared.

A final meeting was held on March 14, 1984 at which the task force recommended to the Rules Committee the proposal making improvements in the existing process. The task force chairman introduced the panel's bill, H.R. 5247, on March 27.

A list of the task force's hearing records and other published materials appears in Appendix A of this report.

SCOPE OF REVIEW

The scope of the task force's study was not formally defined at the time the panel was established. However, because the issues creating the most controversy in the congressional budget process revolved around the adoption and implementation of budget resolutions, the task force focused primarily on Title III of the Congressional Budget Act of 1974. The panel concentrated on the structure of the budget process, timing of budget resolutions and budget legislation, coverage of various forms of federal support, budget controls, and co-ordination of budget activity among the different committees within the House of Representatives.

Briefly, the major questions before the task force were:

What should the framework of the process be? Should Congress continue to use budget resolutions to establish fiscal policy and determine budget priorities? If so, should Congress adopt targets first and set binding limits after Congress enacts spending and revenue measures, or, should binding limits be set prior to consideration of budget legislation? Can—and should—Congress focus budget resolutions on macroeconomic policy, or is it inevitable that consideration of the resolution will include debate on funding for specific programs and thus be largely duplicative of normal committee consideration of programmatic policy?

How should Congress enforce the policies it sets through the adoption of budget resolutions? Should Congress institutionalize the use of reconciliation directed by the first budget resolution? Should reconciliation procedures be changed? Should sanctions be added? Is the point of order provided by Section 311 for aggregate spending and revenues an effective means of control? Should deferred enrollment of spending measures continue to be available and, if so, should that control be applied at the Section 302(a) committee allocation level or the Section 302(b) committee subdivision level or both? Should controls be applied to legislation extending beyond the coming fiscal year?

What types of federal support should be included in the budget process, and in what form? Should the process be expanded to cover off-budget entities? Should controls comparable to those provided for direct spending be placed on credit? On tax expenditures?

How can the timing of budget-related legislative activity be improved? Should the timetable for action on budget resolutions be accelerated? Can—and should—the process be organized so that there are fewer steps to go through? How can Congress improve its ability to enact appropriations bills prior to the start of the fiscal year? Should the annual process be converted to a two-year system?

How can participation and co-ordination be improved among committees with budget jurisdication? Should the Budget Committee's authority to initiate changes in procedures and content of budget resolution be changed? What level of consultation should be required among House committees on matters such as scorekeeping rules?

The task force's recommendations cover Title I–IX of the Congressional Budget and Impoundment Control Act of 1974, cited as the Congressional Budget Act of 1974. Title X, cited as the Impoundment Control Act of 1974, which provides procedures for rescissions and deferrals of appropriated funds, was not formally considered.

The composition, tenure, and selection of the membership of the House Budget Committee were discussed in task force meetings, but no recommendations addressing these issues are made. The task force recognizes that these matters, which are covered in part by House Rules (as provided for under Title II of the Act) and in part by party caucus rules, are of major concern to many Members. The panel expects these issues to be addressed in the appropriate forums.

INTERIM PROPOSALS

In February, 1983, prompted by agreements regarding budget procedures made in the Democratic Caucus and by indications that the budget process could be facilitated by implementing some relatively minor changes, the task force made several interim proposals. These included both initiatives which could be implemented informally and by changes to House rules, (H.Res. 65) which would be effective only during the 98th Congress. The task force's intention was to suggest some immediate improvements in the budget process in the House of Representatives while continuing its study of more comprehensive proposals.

The task force's informal initiatives involved such matters as early notification of new procedures to be included in a budget resolution, establishment of a Members' group to resolve differences over scorekeeping rules, ways to provide budget information on a more timely basis, floor scheduling of budget-related activity, and guidelines for proposed floor amendments to a budget resolution.

H.Res. 65 contained eight relatively minor changes to House rules. Each of the provisions of the resolution has either been incorporated in or superseded by the task force's final recommendations. Detailed materials on H.Res. 65 are included in Appendix B of this report.

Controversy over one provision in H.Res. 65, an automatic, five-day sequential referral to the House Rules Committee of a budget resolution containing new budget procedures, stalled consideration of the resolution in the Rules Committee until after passage of the first budget resolution for fiscal year 1984, by which time the task force was already considering more comprehensive proposals.

MAJOR ALTERNATIVE PROPOSALS CONSIDERED BY THE TASK FORCE

Through the course of work sessions and hearings conducted in 1982, it became apparent that congressional interest in altering the budget process was concentrated largely on four different approaches: setting budget target first, setting binding budget limits first, packaging all budget legislation in one bill, and stretching the budget process over a two-year period.

During May and June, 1983, the task force considered four measures representative of these four different approaches. The task force spent one day reviewing the provisions of each proposal and a second day discussing them with chief proponent(s). Details on each of these measures are provided in Appendix C of this report.

Target Resolution Approach

The first alternative, in effect making the first budget resolution less binding and more of a budget target (than has been the practice since 1980), was supported by Members who felt that the current process was locking committees into detailed decisions before they had an opportunity to fully consider programmatic needs. Supporters of this approach criticized the use of the Act's "elastic clauses" to include new procedures (e.g. reconciliation) in the first budget resolution.

Nine authorizing committee chairmen introduced H.R. 2777, which the task force used as a vehicle to consider this general option, referred to as the "target resolution" approach. H.R. 2777 provides for the first budget resolution to set targets for budget totals which could be revised in September and would become binding on October 1, after all budget legislation was adopted. It also contains a number of other features.

Single Binding Resolution Approach

The second proposal reviewed by the task force was the "single binding resolution" approach. At the task force's general hearings, nine members of Congress as well as the Congressional Budget Office Director testified in support of requiring just one resolution per year (which would become binding upon adoption) as a way of simplifying the budget process and providing better control. Advocates of this approach generally supported including, and in some cases going beyond, features which had become a part of current practice, such as using reconciliation to make changes in spending and revenue under existing law and including binding credit totals in the resolution. The task force used as a vehicle for considering this approach H.R. 2025, sponsored by Rep. Mineta.

Omnibus Budget Bill Approach

The third approach examined by the task force was an "omnibus budget bill" (also referred to as a "comprehensive" or "package" budget bill), advocated by Rep. Obey and others. At the task force's September hearings, Mr. Obey has proposed eliminating separate House consideration of budget resolutions and, instead, considering all budget legislation—i.e., all appropriations, revenue, and any other spending—in a single legislative package on the basis of a budget plan reported by the Budget Committee.

Mr. Obey, along with more than 30 other Members, has introduced H. Res. 213, which the task force used as the vehicle to consider an omnibus budget bill approach.

Biennial Budget Approach

Moving to a two-year budget cycle was the fourth major alternative reviewed by the task force. Nine Members from the House and Senate testified in favor of a biennial approach at task force hearings; almost all Members expressed concern about Congress' inability to get all of its budget work done during the course of one year and the fact that little time was left for other important activities—such as oversight—outside of the budget. Consideration was given to the fact that this option could be combined with any of the other options reviewed.

Several variations of a biennial approach had been proposed at the time the task force considered this proposal, but the vehicle used for consideration of the biennial approach was H.R. 750, introduced by Rep. Panetta. Mr. Panetta's bill uses a single budget resolution to cover a two-year period, and required all authorizations and appropriations to cover two years.

AGREEMENT ON GENERAL PRINCIPLES

At two meetings in July, 1983, the task force agreed on several basic principles about the congressional budget process.

A context for budget decisions. The task force agreed that the process must provide a vehicle for Congress to debate and develop fiscal policy and ensure that Congress makes decisions about any spending and revenue legislation in the context of overall budget levels.

Undecided, at that point, was whether to retain the present reliance on a resolution-based system, or to try an alternative system, such as the omnibus approach.

Coverage of all spending and revenue. The panel agreed that a budget process should provide a way to review not only new spending and new revenue changes, but also the spending and revenue provisions under existing law—the budget base. The budget base, which consists of all revenue and sixty percent of all spending, is considered uncontrollable and has been addressed through reconciliation in recent years.

Although the experience with reconciliation in some years was controversial, the task force generally agreed that reconciliation was the best tool available for initiating changes in law to meet budget goals that would probably not be met otherwise.

A logical and practicable timetable. Members agreed that the process should be constructed so that each phase of legislative activity can be completed in a timely and orderly manner, with as little redundancy as possible, and that it should allow Congress enough time to finish appropriations bills before the start of the fiscal year and to authorize programs before acting on their specific appropriations.

The panel acknowledged that changes in the existing statutory timetable are needed to make this possible. There was general agreement that Congress should start its work earlier in the session and that authorizations should be considered earlier than they normally are now.

Appropriate controls. Members agreed that the system of budget controls should be firm and meaningful. They agreed that the budget process should retain adequate flexibility so that Congress can respond to changing economic and political circumstances, but not so much flexibility that budget decisions become trivialized.

Institutional balance. The task force agreed that there needs to be a reasonable balance between committees' authority over the programs under their jurisdiction and the power of Congress as a whole to direct committees to live within certain budgetary constraints.

DEVELOPMENT OF TWO COMPREHENSIVE PROPOSALS

Following the July 1983 meetings at which general principles and features of a workable budget process were discussed, the task force chairman directed staff to prepare two comprehensive proposals: one which would improve the existing budget resolution process; the other developing the omnibus, or comprehensive, budget process concept. Both were to include: an accelerated timetable, more comprehensive coverage (bringing off-budget items on budget and strengthening controls on credit and tax expenditures), a systematic way of acting on the budget base, and use of common economic assumptions.

The staff recommendations to improve the existing budget resolution process led to the core of the task force's first proposal, referred to as the "single budget resolution approach" and eventually introduced as H.R. 5247. The specific provisions contained in this approach are described in detail in other sections of this report.

The second proposal, the "comprehensive budget bill approach," was based on H. Res. 213 (Obey), but included some different provisions. Among the features included in the task force draft but not in H. Res. 213 were: provisions for the Senate (as well as the House) to handle budget legislation in one budget bill, House floor procedures which more closely resemble existing practice, and flexibility to decide whether the comprehensive budget bill would be sent to the President as one or several pieces of legislation. Explanatory materials for the "comprehensive budget bill approach," as developed by the task force, are contained in Appendix D of this report.

The outlines of the two proposals were discussed by the task force during three meetings in October and November. Most of the features of the proposals met with general approval of the task force members, and the process of drafting legislative language for both was begun.

After discussion drafts for both the "single budget resolution approach" and the "comprehensive budget bill approach" were prepared, two days of hearings were held. The task force invited witnesses to testify on either, or both, proposals. Testimony was heard from the Congressional Budget Office Director, the Assistant Comptroller General for Program and Evaluation, the former Rules Committee Chairman (Richard Bolling), four Members of Congress, and others. Eight Members of Congress also submitted statements for the record.

RECOMMENDATION OF THE SINGLE BUDGET RESOLUTION APPROACH

On March 14, 1984, the task force held a final meeting to consider the proposals. The panel agreed, by voice vote (a quorum being present), to recommend the "single budget resolution approach" to the Rules Committee for consideration.

The task force decided not to recommend the "comprehensive budget bill approach" for further consideration at this time. Although there appears to be a good deal of support for the principle of an omnibus budget bill process, there are fundamental disagreements among its own supporters involving timetable, voting separately on spending and revenue legislation, the form in which to send it to the President, and the method of enforcement. Furthermore, it does not appear that there is strong enough interest in making this kind of change to ask the Rules Committee to consider it at this time. In contrast, there does appear to be a good deal of support among members of both political parties for acting now on the more modest changes proposed in the "single budget resolution approach," H.R. 5247.

The task force believes that successful implementation of the timetable of H.R. 5247—which will get Congress accustomed to considering the budget resolution, and then all budget-related legislation, in a compressed time frame—will help pave the way in the future for implementation of a comprehensive approach, should Congress eventually consider adopting such a process.

III. EXPLANATION OF RECOMMENDATIONS

INTRODUCTION

The Rules Committee Task Force on the Budget Process recommends a single resolution as the basic structure of the congressional budget process. Specifically, the task force recommends adopting one binding budget resolution each year (which directs reconciliation) under an expedited timetable, with strengthened budget controls and expanded coverage. The task force also provides for improved co-ordination of the process within the House of Representatives.

The task force's recommendations are embodied in H.R. 5247, introduced on March 27, 1984. Along with H.R. 5247, the task force recommends several practices which are more appropriately established without formal authority. The provisions of H.R. 5247 and the recommended practices form a unified, comprehensive budget process which the task force believes will strengthen Congress' ability to decide budget priorities and then act on budget legislation accordingly.

The "Explanation of Recommendations" section of the report is organized around the five key features of the recommendations: Single Binding Budget Resolution, Accelerated Timetable, Strengthened Controls, Expanded Coverage, and Institutional Coordination. "Expanded Coverage" is further divided into four categories: Credit Activity, Tax Expenditures, Off-budget Federal Entities, and Capital Investment Information.

Each section begins with a summary of the specific provisions of H.R. 5247 and any relevant practices recommended by the task force which apply to that particular section. The summaries are followed by explanations discussing the reasons for the changes that are proposed.

Further background on several of the issues addressed by the task force (timetable, credit, tax expenditures, and off-budget entities) are contained in Appendix E to this report.

A. SINGLE BINDING BUDGET RESOLUTION

SUMMARY OF RECOMMENDATIONS

The task force recommends that Congress be required to adopt one binding budget resolution each year.

Specifically, H.R. 5247 provides that:

- A concurrent resolution on the budget is adopted by April 15 of each year.

- A subsequent revised resolution for a fiscal year, if it is deemed necessary, may be adopted any time after the required resolution has been adopted and before the end of the fiscal year.

- The budget resolution contains all matters currently required by the Congressional Budget Act of 1974. In addition, H.R. 5247 requires that aggregate levels and functional allocations of entitlement authority and credit are included, that the resolution recommend the amount by which the level of tax expenditures should be increased or decreased, that all figures in the resolution reflect both on- and off-budget federal entities, and that planning numbers be included for all the matters listed above for each of two years following the budget year. The resolution may contain reconciliation directives and, when appropriate, other matters and procedures.

The task force also recommends that:

- The Rules Committee focus House consideration of budget resolutions on macroeconomic matters, not on program details.

- The report accompanying a budget resolution display an allocation of the budget totals into a few broad management functions.

EXPLANATION

Binding first budget resolution

The task force recommends adopting one binding budget resolution in the spring and abandoning the requirement for a second resolution. H.R. 5247 retains the provision of the Congressional Budget Act of 1974 which permits Congress to adopt a revised budget resolution.

The Congressional Budget Act of 1974 established a schedule for budget action. The starting point is a first budget resolution in which Congress agrees on an overall plan for spending and revenue action. Then Congress works on spending and tax legislation. Finally, there is a second resolution, to be adopted just before the start of the new fiscal year, in which Congress revises or reaffirms the budget totals set in the first resolution and makes these totals binding. In connection with the second budget resolution, the Act provides for a process of reconciliation in which existing law and pending legislation would be adjusted to conform with the budget totals in the second resolution.

Experience with this process has taught that difficult decisions are best made early in the year. In the month before the start of the fiscal year, Congress cannot easily reorder the priorities it adopted nor revamp the fiscal policy it set in the first budget resolution. In recent years, Congress has not formally approved a second resolution; instead, Congress provides that the first resolution automatically becomes the second resolution, on October 1, for purposes of the enforcement procedures of the Act.

Support for this system was expressed by many of the Members testifying at the task force's September 1982 general hearings and by almost all at the February 1984 hearings on the task force draft proposal. The former Director of the Congressional Budget Office, Alice Rivlin, the present Director, Rudolph Penner, the Committee for Economic Development and the Committee for a Responsible Federal Budget have also presented testimony supporting the idea of a single binding resolution.

The task force seeks a balance between enforcing budget decisions made early in the process and providing flexibility in case economic or other relevant conditions change significantly before the end of the fiscal year. For that reason, H.R. 5247 retains section 304 of the Congressional Budget Act of 1974 which permits Congress to adopt a revised resolution any time after the required resolution has been adopted and before the end of the fiscal year.

Content of the Resolution

The task force recommends that the budget resolution continue to include all the items it presently includes. In addition, the task force strongly advocates a comprehensive budget process and therefore recommends several additional matters be included that are not required in the Congressional Budget Act of 1974.

Additional matters required by H.R. 5247 but not required by the Budget Act are: the appropriate levels of total direct loan obligations, total primary loan guarantees, and total entitlement authority; the recommended amount of increase or decrease in tax expenditures; functional allocations of credit activity and entitlement authority and planning numbers for each of the two fiscal years following the budget year. H.R. 5247 also requires that the budget totals reflect the financial activities of currently off-budget federal entities. The recommendations for including off-budget federal entities, total and functional levels of credit activity, and the incremental change in tax expenditures are explained in detail in Section D, "Expanded Coverage".

Entitlement Authority. The task force recommends that the budget resolution include an appropriate level of total entitlement authority and a breakdown of that total by major functional category. This is not required by the Congressional Budget Act of 1974 nor is it included in current practice.

The task force believes it is important to focus attention on entitlements as a major part of federal spending. Entitlement programs include Social Security, Medicare, Medicaid, unemployment compensation, civil service retirement pay, military retirement pay, veterans' compensation and farm price supports. A large and growing share of the federal budget is devoted to entitlements. In 1970, permanent and appropriated entitlements accounted for roughly 40% of total outlays. In 1983, permanent and appropriated entitlements accounted for about 53% of total outlays.

In addition, H.R. 5247 requires that an allocation for discretionary action on entitlement authority be made to the committees of jurisdiction, as explained in Section C, "Strengthened Controls". The aggregate and functional totals of entitlement authority provide the context for those allocations.

Planning Numbers. The task force recommends more emphasis on the multiyear perspective. H.R. 5247 requires that the budget resolution include planning aggregates and functional allocations, for each of the two fiscal years following the budget year, of new budget authority, budget outlays, entitlement authority, direct loan obligations and primary loan guarantees. H.R. 5247 also requires outyear aggregates for revenue.

The task force is convinced that a time horizon beyond the budget year is essential for making responsible and intelligent decisions about the Federal budget. Roughly three-quarters of the budget is relatively uncontrollable under existing law for a budget year. This reflects prior-year commitments and the sixty percent of spending devoted to permanent and mandatory appropriations. The percentage has remained fairly constant over the last five years. Changes in revenue and permanent and multiyear spending programs have effects in future years. And it is difficult to implement changes that take immediate effect in these programs, particularly where state enabling legislation is required. Congressional efforts in recent years to reduce federal deficits demonstrate the importance of the outyears. A perspective of one year is too short for effective budgeting.

The table below compares the contents of the resolution as required by H.R. 5247 and as required by the Congressional Budget Act of 1974.

H.R. 5247 requires:	The Act requires:
(All figures *include* financial activities of off-budget entities)	(All figures *exclude* financial activities of off-budget entities)
(1) The appropriate level of total:	(1) The appropriate level of total:
new budget authority	new budget authority
budget outlays	budget outlays
direct loan obligations	
primary loan guarantee commitments	
entitlement authority	
revenue	revenue
(2) The recommended revenue increase or decrease	(2) The recommended revenue increase or decrease
The recommended tax expenditure increase or decrease	
(3) Deficit or surplus	(3) Deficit or surplus
(4) Functional allocations of:	(4) Functional allocations:
new budget authority	new budget authority
budget outlays	budget outlays
direct loan obligations	
primary loan guarantee commitments	
entitlement authority	
(5) Public debt	(5) Public debt and amount by which statutory limit is increased
(6) Planning numbers for all matters listed above for each of the two fiscal years following the budget year	

H.R. 5247 permits:	The Act permits:
Goals for reducing unemployment	Goals for reducing unemployment
Other matters	Other matters
Other procedures	Other procedures
	Deferred enrollment
Revised resolution for current fiscal year	Revised resolution for current fiscal year
Reconciliation instructions	

A Macroeconomic Focus

The task force urges the Rules Committee to continue the policy of recommending rules on budget resolutions that limit program-oriented or line-item amendments. This policy helps to structure the debate so that it focuses on broader, macroeconomic issues.

The task force also finds that an allocation of budget totals into a few, broad "management" functions, e.g., net interest, entitlements, defense, nondefense discretionary, and offsetting receipts, is useful and encourages the focus on macroeconomic matters rather than program details. The task force recommends that the budget committees include in the reports accompanying the budget resolution a breakdown of the budget totals into such categories. The task force notes with approval the use of these categories in the debate on the House-passed first budget resolution for fiscal year 1985 and the inclusion in the House Budget Committee's report of a breakdown by management function of the Committee's deficit reduction recommendations.

The task force recognizes an inherent tension in the making of a budget: the overall budget totals guide decisions at the program level and yet the program level decisions influence decisions on the totals. The task force notes that an emphasis on macroeconomic issues in the debate on the budget resolution, especially since the spring resolution is binding, appears to limit opportunities for discussion of the program assumptions behind the budget totals. But the task force believes there is ample opportunity in the authorization and appropriation process for discussion at the program level even when it is guided by the ceilings set in the budget resolution. Consideration of the budget resolution is the one formal opportunity to set fiscal policy and to establish broad budget priorities.

B. ACCELERATED TIMETABLE

SUMMARY OF RECOMMENDATIONS

The task force recommends revisions in the timetable provided under the Congressional Budget Act of 1974 in order to provide more time for Congress to complete action on budget measures prior to the start of the fiscal year and to provide for swifter action on budget legislation in the House of Representatives after adoption of the budget resolution.

H.R. 5247 provides that:

- Congress convenes on January 3 and the House elects its committees by the seventh day after the commencement of a new Congress.

- The President submits his budget by the first Monday after January 3 and the text of legislation necessary to implement entitlement and revenue proposals within 15 days afterwards.
- The Congressional Budget Office submits a report listing authorizations expiring prior to the upcoming fiscal year by the first Monday after January 3. (The May 15 authorization reporting deadline is repealed; the CBO list is to be used as a guide for scheduling authorizations.)
- The Congressional Budget Office submits its annual report on fiscal policy to the House and Senate Budget Committees by February 15.
- Standing Committees of the House and Senate submit views and estimates regarding budgetary matters within their jurisdiction by February 25.
- Congress adopts its budget resolution by April 15.
- The House Appropriations Committee reports all general appropriations measures for the upcoming fiscal year by June 10.
- The House of Representatives completes consideration of all general appropriations measures and any reconciliation measures before considering a resolution of adjournment for the Independence Day District Work Period.
- The Senate completes consideration of all general appropriations measures by August 15.

In addition to the provisions contained in H.R. 5247, the task force recommends the following practices in order to facilitate meeting budget process timetable deadlines:

- The House leadership should facilitate early consideration of authorizations by establishing and announcing at the start of each month the floor schedule for authorizing legislation for expiring programs.
- The legislative committees of the House are encouraged to spread the authorizing workload more evenly over several years by adopting multiyear authorizations in place of annual authorizations. In addition, these committees are urged to report authorizations a year before the beginning of the fiscal year for which they will be effective, and to employ contingent authorizations where feasible, in order to permit timely enactment of appropriations when authorizing legislation is late.
- The task force also urges the House leadership to schedule full work weeks early in the year to facilitate five-day-a-week hearing and markup schedules on the part of House committees.

EXPLANATION

One of the major problems identified by the task force is an unrealistic congressional schedule for budget-related legislation. In the House, floor consideration of authorizations, appropriations, reconciliation and other bills, is generally crowded into the weeks between May 15, the current deadline for reporting authorizations and adopting the first budget resolution, and October 1st, the beginning of the fiscal year. One result of this has been a growing pattern of enacting appropriations after the start of the fiscal year, or not at all. When regular appropriations are not enacted by the start of the fiscal year, Congress uses a continuing resolution to fund government activities covered by the late appropriations.

Because of the speed with which they must be enacted to prevent government agencies from shutting down, continuing resolutions are typically considered in the House under a restrictive rule allowing few, if any, amendments. If they had been separately considered, general appropriations measures for which "temporary" funding was provided by continuing resolution would be debated for days and be the subject of numerous amendments. In contrast, when the House is forced to use the continuing resolution procedure, the equivalent of several major bills is passed with virtually no deliberation or amendment.

The use of continuing resolutions seriously hampers planning by government agencies that cannot learn what their annual budget will be until after the fiscal year has already begun. Also, the procedure is antithetical to proper Congressional deliberation over the vast array of annual federal funding decisions. For these reasons, reliance on continuing resolutions is essentially an abdication of Congress' responsibilities under Article I of the Constitution to exercise proper judgment in managing the power of the Federal purse.

This reliance on continuing resolutions would be unnecessary if Congress' time in session was used more effectively. During the months between House organization in middle to late January and May 15, the House has a relatively light floor workload. One contributing reason for this is that the work of many House committees in preparing legislation for floor consideration does not begin in earnest until March.

The task force believes that one of the solutions to this uneven workload pattern is to organize the House earlier and to spread some of the concentrated summer work to the relatively lightly scheduled spring months. The task force recommends a system of "zoning"; that is, setting aside one block of time for authorizations, another for the budget resolution, and another for appropriations, revenue bills, reconciliation and any other budget-implementing legislation. The task force's proposed schedule also has the advantage of scheduling House action on the budget resolution and budget legislation within a compressed time frame, increasing the likelihood that budget-related legislation will closely reflect the budget guidelines Congress has just approved.

It should be noted that the task force recognizes that changing statutory deadlines does not guarantee that each date will be met or that there will be an end to continuing resolutions. The budget has been heavily politicized, particularly in the last few years, and that politicization has contributed to delay at each step of the process.

However, the task force believes that the current statutory timetable itself is flawed. The task force recommends changes to correct those flaws and, though political circumstances may dictate otherwise, urges a strong commitment by all participants in the budget process to try to meet the new deadlines.

Accelerated House Organization

Since 1980, the House of Representatives has commenced its annual session between January 3 and 25. The task force recommends that the House convene on January 3, the date required by the 20th Amendment of the Constitution. In addition, H.R. 5247 contains a provision changing clause 6(a)(1) of House Rule X to provide for the election of House committees within seven days after the commencement date of a new Congress. This organization requirement is intended to facilitate committee action earlier than is usually the case for a new Congress.

Accelerated Schedule for Authorization of Appropriations

The task force finds that the Act's current May 15 reporting deadline is too late to allow for consideration of authorizations prior to timely consideration of appropriations measures. Late reporting of authorizations may result in failure to enact these bills themselves, since the crowded summer months are given over largely to spending and revenue legislation.

Under the timetable provided for in H.R. 5247, in which appropriations are considered in the House in June, authorization bills will have to be reported at an earlier date. Otherwise, there most likely will be massive violations of Rule XXI, Clause 2 (prohibiting the reporting of appropriations for which the related authorization has not been enacted). Thus, the task force recommends an accelerated schedule for the consideration of authorizations.

First, the task force recommends that authorizations be reported during the calendar year preceding the year in which the related appropriations will be considered. Year-ahead action on authorizations was clearly desired and expected by the authors of the Congressional Budget Act of 1974, and it is probably the only procedure under which the great majority of authorizations can ever be enacted prior to consideration of appropriations measures.

Such prior-year consideration of authorizations would be greatly facilitated if the Executive would adhere to the May 15 statutory deadline for prior-year authorization requests contained in section 607 of the Act. Thus, H.R. 5247 retains this provision and the task force urges the Executive to make an effort to meet the spirit of this important requirement.

H.R. 5247 provides for a new Congressional Budget Office report that should aid the House leadership and the legislative committees in processing authorizations. CBO will be required to submit, on the first Monday after January 3, a list of programs, by committee, which require reauthorization for the budget year. The task force recommends that the House leadership develop a month-by-month schedule for floor consideration of reauthorization bills during the late Winter and Spring months, using the CBO list as a guide. The task force believes that leadership involvement in overseeing committee action on authorizations and in establishing and announcing a floor schedule for such legislation will do a great deal to shift this portion of the House's workload to a lightly used part of the year and to make certain that it gets done.

The task force believes that internal efforts to process authorizations during the Spring will do much more to ensure timely enactment of these bills than modifying the Budget Act to include a new statutory deadline. A specific reporting date appears to do more harm than good by legitimizing waiting until that date to report. For that reason, H.R. 5247 repeals the current May 15 reporting date for authorizations contained in Section 402(a) of the Budget Act.

Accelerated Budget Resolution Timetable

Under current law, the first budget resolution is to be reported in the House and Senate by April 15 and adopted by Congress by May 15. The task force believes that valuable time can be gained for other phases of the budget process by accelerating consideration of the budget resolution and thus recommends moving the budget resolution adoption deadline to April 15.

In conjunction with the earlier budget resolution deadline, steps leading to it are also accelerated. H.R. 5247 changes the current submission requirement for the President's budget from 15 days after Congress convenes to the first Monday after January 3. The Executive is also required to submit the text of revenue and entitlement proposals with budgetary impact within 15 days after submission of the budget. The month of January is expected to be used particularly by CBO, the General Accounting Office, and congressional staffs to analyze the President's budget and to prepare for committee review of it beginning in February.

In addition, CBO will be required to submit its annual report on fiscal and economic policy by February 15 rather than by April 1, as currently provided. Standing committees will be required to submit budget views and estimates to the budget committees by February 25 rather than March 15.

The bill eliminates the current April 15 requirement for reporting the first budget resolution, and reduces the current ten-day layover period to five days. The House and Senate Budget Committees will set their internal schedules in a way that will allow Congress to meet the April 15 deadline. A reduction in the layover period should not pose problems because under current practice it is often shortened in the House (by waiving the rules).

Timetable for Appropriations

The highest priority of the task force with respect to the schedule is to provide a way to enhance the probability that appropriations bills will be enacted by the start of the fiscal year, and thereby end or reduce the excessive reliance on continuing resolutions witnessed in recent years. Accordingly, the task force recommends repealing the existing requirements for appropriations measures and substituting a new schedule requiring appropriations measures to be completed in the House by the end of June.

There are two provisions of the Congressional Budget Act of 1974 that relate to timing of appropriations measures. The first, Section 307, requires that prior to reporting any bill, the House Appropriations Committee shall, insofar as practicable, complete consideration of all bills and submit to the House a summary report comparing the committee's actions with the levels of budget authority and outlays contained in the first budget resolution. This, of course, was to be done prior to House consideration of such bills. This requirement is intended to allow the House to compare appropriations action with the target levels in the budget resolution. In practice, this requirement has been difficult to meet because normally one or two appropriations bills are particularly contentious, and markup on such bills cannot be completed promptly. Continuing this reporting requirement would only further delay consideration of all appropriations bills. Furthermore, the task force believes that the information function performed by the summary report is already served by filing of section 302(b) subcommittee allocations by the Appropriations Committee.

The second provision of current law relating to timing of appropriations, section 309, requires that action on all bills containing new budget authority (except for continuing, supplemental and deficiency appropriations) and new entitlement authority, be completed by the seventh day after Labor Day. However, this section also provides that the requirement does not apply to appropriations bills if authorizations are late. This requirement has been ineffective because, under the current budget timetable, there simply is not enough time to complete action on all appropriations measures by mid September. In any case, the requirement usually is not applicable because some relevant authorizations are not enacted by that time.

In place of these requirements, the task force recommends a new policy for consideration of appropriations bills. First, H.R. 5247 deletes the summary report requirement and requires instead that all regular appropriations bills be reported by the House Appropriations Committee by June 10. Because, under this bill, the budget resolution is moved forward, this reporting date provides enough time for the Appropriations Committee to act on the basis of the resolution's provisions. Second, H.R. 5247 requires that the House complete consideration of all regular appropriations bills by the end of June by prohibiting the House from considering a resolution of adjournment for the Independence Day District Work Period until consideration of the bills is finished. Finally, the Senate is required to pass regular appropriations bills by August 15, a month and a half after the bills are received from the House. The task force believes that this new timetable is likely to result in more timely enactment of appropriations measures and thus end or reduce the current degree of reliance on continuing resolutions.

Timetable for Reconciliation

As with appropriations bills, H.R. 5247 requires reconciliation legislation to be considered in the House prior to the Independence

Day District Work Period and in the Senate by August 15. Currently the budget resolution sets a date for committees to report in response to reconciliation directives, but there is no overall time frame for this critical part of the process. The task force recommends these reconciliation deadlines not only to meet budget goals prior to the start of the fiscal year, but also as a way of getting the House and Senate to act on all budget measures in a compressed time frame, while the provisions of the budget resolutions are fresh.

Timing-related Changes Not Recommended at This Time

Of note are two prominent proposals relating to timing which were considered, but are not recommended by the task force at this time. One is biennial budgeting, the other a mechanism for a permanent continuing resolution.

Biennial budgeting. The task force considered the possibility of stretching over a two-year period the entire process—budget resolution, appropriations bills, and authorizations—in order to lighten Congress' annual workload and provide additional time for other important activities, such as oversight. There were two leading arguments against a two-year system: one was that it did not seem feasible to adopt a budget resolution for a two-year period, given the rapidness with which political and economic circumstance change. The other was concern about having one Congress make decisions that could be binding through a subsequent Congress. Furthermore, several variations of biennial budgeting have been proposed, and there is no consensus on which version would be the most practicable.

The task force does endorse providing authorizations for periods of two or more years, as noted above. The task force also encourages the Government Accounting Office and the Office of Management and Budget to study the feasibility of placing some annually financed programs on two year funding. Such studies would give Congress a better basis for determining whether it should move to a biennial budget system in the future.

Automatic continuing resolution. Initially, there was keen interest among members of the task force for establishing an automatic, or permanent, continuing resolution in order to avoid government agency shutdowns and other problems that result from late enactment of appropriations. However, largely because there was not enough information on how such a device would work, the task force decided to forgo recommendations on this matter. At the task force's request, the General Accounting Office is currently conducting a study which, upon completion, will provide a better basis for making a decision on this matter.

[Further background on timetable issues is contained in Appendix E of this report.]

C. STRENGTHENED CONTROLS

SUMMARY OF RECOMMENDATIONS

The task force recommends a strengthened budget control system that stresses accountability at the committee level, establishes more effective controls for the budget base, and provides enforcement procedures with multiyear effect.

H.R. 5247 provides that:

- Consideration of revenue, spending, or credit bills prior to Congressional approval of budget policy guidelines through the budget resolution is prohibited by a point of order.
- Any spending, credit or revenue legislation that would breach a committee's allocation for discretionary action, which may cover the three year impact of budget legislation, is prohibited by a point of order.
- Any spending, credit, or revenue legislation that would breach aggregate limits is prohibited by a point of order, unless the committee of jurisdiction is within its allocation for discretionary action.
- Reconciliation is strengthened by providing firm deadlines, sanctions for non-compliance, expanded scope, and multiyear coverage.
- Legislation establishing new backdoor financing mechanisms is prohibited by a point of order.
- Scorekeeping and budget information is improved to support the task force control recommendations.

EXPLANATION

Under the single binding budget resolution framework recommended by the task force, Congress sets its fiscal policy by April 15 and considers the numerous revenue, spending, and credit measures necessary to implement that policy in subsequent actions. The integrity of the process requires that decisions on such legislation conform to the overall policies embodied in the budget resolution. The task force timetable should help ensure this conformity because it requires consideration of appropriations bills and reconciliation legislation while the impetus of recent action on the budget resolution is still strong and while the circumstances dictating its policies are still relatively unchanged.

The task force also recommends strengthening and streamlining the budget control system itself to preserve and enhance the credibility of the process. Its recommendations are built on several basic principles. The first is that the best control system is one which will nurture a spirit of accountability. The task force believes that accountability will be built into the congressional budget process best by holding the principal congressional agencies for action—the committees—responsible for what they can control.

Another basic principle is that budget policy be even-handed. This principle requires effective review of the entire budget, all outlays, all revenues, and all credit authority. This objective is especially difficult to achieve, since virtually all revenues and sixty percent of all spending for a fiscal year result from permanent authority.

Finally, the scorekeeping necessary to support this control system must be timely, accurate, and objective, and must be based on rules supported by the major participants, if it is to be respected and ultimately useful.

Prohibition Against Consideration of Budget Legislation Prior to Adoption of Budget Resolution

H.R. 5247 provides that no budget legislation may be considered for a fiscal year prior to the adoption of a budget resolution for that year. This provision is similar to that provided by the Congressional Budget Act of 1974.

The prohibition means that no revenue, spending, and credit legislation may be considered until Congress adopts a budget resolution, even if the April 15 deadline is not met. This restriction follows the logic of the budget system recommended by the task force, in which Congress first establishes general fiscal and budget policy through a budget resolution, and then develops the necessary legislation to implement this policy. It is also the foundation for effective budget control. When significant budgetary action precedes adoption of a budget resolution, votes on fiscal and budgetary policy embodied in that budget resolution are wasted and limits and ceilings established by that resolution become empty declarations. No control system can enforce limits and ceilings on bills already approved.

H.R. 5247 retains an exception to this prohibition to allow consideration of legislation which provides new budget authority or changes in revenues for fiscal years subsequent to the coming fiscal year. This exception allows enactment of advance appropriations to provide assurances of funding that permit planning and the most effective use of Federal assistance. Advance appropriations have been used in a limited number of instances, most notably in the case of the Corporation for Public Broadcasting and for a number of secondary education programs. An exception is provided for revenue legislation because the effective dates of the various provisions of such legislation are typically staggered over a period of years. The effects are phased in to allow taxpayers to adjust to the new provisions of the tax code.

The task force considered and rejected an automatic waiver of the requirements of this section when a budget resolution is not adopted by April 15. The waiver was suggested as a way of speeding action on budget legislation, especially appropriations bills, when Congress was late in adopting a budget resolution. The task force was persuaded that an automatic waiver would seriously weaken the budget process.

Actions or events during consideration by the budget committees, the House, the Senate, or conference committee could delay past April 15 adoption of the budget resolution. Automatic waiver of the prohibition, however, to permit consideration of budget legislation would circumvent the policy directions and controls of a budget resolution. Routinely considering budget legislation prior to adoption of a budget resolution would eliminate a powerful motive for finishing work on the budget resolution itself. Furthermore, the task force notes that ad hoc solutions to the problem of late budget resolutions are available. As an example, in 1983 House committees were permitted to proceed with work on budget legislation based on a House passed budget resolution when it became apparent that final action on the budget resolution was not likely to occur until the end of June at the earliest.

Point-of-Order Control at the Committee Level

The task force recommends that the focus of control be at the committee level; that the sanction for breaching limits be a point of order effective upon adoption of the budget resolution; that the target of control be discretionary spending, revenues, or credit allocations to a committee pursuant to the most recent budget resolution; and that the duration of control be flexible, covering a one-year, a two-year, or a three-year period.

Control at Committee Level. H.R. 5247 requires a conference report on a budget resolution to include control allocations to the committees of the House and Senate. The task force recommendatons are based on the premise that the committees of Congress are the best level at which to build a control system. Making each committee accountable for its own actions, and only its own actions, will greatly increase pressure for committees to stay within their allocations and for the House and Senate to strictly enforce budget controls. Emphasizing controls on committee actions ultimately will have the effect of increasing controls on budgetary totals.

Control only at the aggregate level has several weaknesses that tend to breed contempt for the budget process and lead to actions that skirt, or worse, ignore the system. The first weakness is that a committee that honors its budget resoluton target may find that, nevertheless, its legislation is subject to a point of order. Legislation may be reported in excess of another committee's allocation early in the year, and Congress may adopt it; or another committee may fail to report legislation to achieve budget savings pursuant to reconciliation directives. Each case adds unanticipated amounts to overall spending. Legislation reported at that point from the committee that is within its target is prohibited from consideration because the aggregates have been breached.

A fatal weakness of control only at the aggregate level is that, in practice, waivers are often granted in situations similar to that described above. It is difficult to deny consideration of legislation to a committee which has stayed within the allocation made to it.

Another weakness of control only by aggregate is that it does not clearly account for all the forces which cause budget results to be difficult from budget resolution intentions. Major budgetary changes often result from unanticipated changes in the economy. Various combinations of apparently minor precentage shifts in the growth rate of the economy, inflation, unemployment, or interest rates effective on the national debt can add many billions of dollars to the deficit. Furthermore, these shifts can occur in the space of only a few months. The purpose of the control system is to ensure that congressional action conforms to fiscal policy guidelines determined to be appropriated by Congress at a point in time. It cannot take into account shifts in legislative action necessary to accommodate an economic situation that may demand a review of fiscal policy itself. Nevertheless, the situation can arise in which spending has been reestimated upwards by billions of dollars, and ceilings are breached before Congress considers key legislation. In this situation again, waivers are often granted. The task force believes that limiting controls only to budgetary totals diffuses responsibility and leads to a breakdown of the control system and a breakdown of the integrity of the congressional budget process.

The task force does not recommend placing point of order sanctions on subcommittees. The task force believes that control by subcommittee disperses responsibility in the extreme. It is far better for a committee to deal with the micro management problems of balancing demands among its subcommittees. As the public becomes aware of this focus of responsibility at the committee level, both Congress and the public will benefit from more effective budget control.

Control by Point of Order. H.R. 5247 provides point-of-order control immediately upon adoption of a budget resolution, against legislation which would cause a committee to breach its total control allocation pursuant to the budget resolution. The task force believes this approach will strengthen control greatly, because it extends from the day the budget resolution is adopted through the entire budget year, and because it relies on a powerful and familiar sanction.

The task force believes that point-of-order control is a more appropriate sanction than deferred enrollment, which is provided for in the Congressional Budget Act of 1974 as an optional procedure, and which has been employed in a number of forms since 1974. The experience with this process has demonstrated that deferred enrollment is not an effective budget control device. Furthermore, deferred enrollment is inconsistent with the task force recommendation for a single binding budget resolution. Deferred enrollment was intended to work in conjunction with a second budget resolution, which could contain reconciliation directives to change bills being held at the desk.

Control of Discretionary Action. A critical aspect of the task force control recommendations is that committees be held responsible only for that over which they do exercise control. For this reason H.R. 5247 provides that for control purposes committees receive an allocation for discretionary action. Spending authority is allocated to a committee only if that spending authority is dependent upon discretionary action by that committee.

The appropriations committees would be allocated budget authority over which they exercise control. This allocation excludes budget authority to cover entitlements and other mandatory items, for instance, since these amounts are determined by existing law. Spending from revolving and trust funds is often determined by entitlement or other spending authority defined by H.R. 5247. In cases such as these, the allocation for discretionary action is intended to cover anticipated changes in spending authority, not in budget authority, which would be provided at a later date. Committees with jurisdiction over permanent authority, such as entitlement or other spending authority specified in H.R. 5247, would be allocated only amounts that would result from anticipated changes in such permanent authority. They would not be allocated amounts to cover budget or entitlement authority under existing law for which no changes are anticipated. This provision conforms with the current House practice of providing allocations of new entitlement authority to committees in allocations made pursuant to budget resolutions. Expanding the current House practice to cover credit authority where appropriate, other spending authority defined by the Act as amended by H.R. 5247, revenues, and tax expenditures follows the task force efforts to establish control over these areas of the budget.

Spending allocations to committees will be positive in the case of anticipated liberalizations of programs. They will be negative in the case of anticipated savings in programs. If a given committee has both anticipated liberalizations and anticipated savings in programs within its jurisdiction, the allocation will be the net of the positive and the negative amounts associated with the liberalizations and savings.

H.R. 5247 does not require the allocation of outlays to committees for control purposes. The task force bases this recommendation on its conviction that budgetary controls can be successfully applied over the long run only when committees are held accountable for that over which they do exercise direct control. Allocating outlays may give the illusion of control, but in the long run the inability of committees to control these amounts causes confusion and ultimately breeds contempt for the entire control system. The fact is that neither the Congress nor the Executive directly controls outlay levels.

Outlays result from authority granted by Congress for program managers to obligate the Federal government financially. That is the point of control. A dollar reduction in authority to obligate ultimately will result in a dollar of outlays that will not be made. Exactly when outlays will be made, however, is not a matter of certainty. Their timing is determined by changes in the economy, participation rates, spendout rates, demographic factors, administrative decisions, and other factors. They occur basically when checks are written to pay bills. In the budget they appear as estimates of cash flow. The Congressional Budget Act of 1974 accounted for this phenomenon by requiring the Executive to submit revised estimates just in time to provide Congress with the best possible estimates to be used in the development of budget resolutions. The Congressional Budget Office routinely reestimates these submissions based on its most recent information on outlay trends. The task force concludes that the best course for reducing outlays is to reduce the initial authority to obligate the government. That is the authority on which Congress acts, and that is the point at which the task force control recommendations are focused.

Control Over Three-Year Impact of Budget Legislation. H.R. 5247 provides that the control allocation to committees pursuant to the budget resolution may cover the impact of budget legislation for up to three years. If the allocation to a committee is for one year, the control is on that one-year limit. If the allocation is for two years, the control is on that two-year limit. If the allocation is for three years, the control is on that three-year limit.

The task force recommendation is based on the fact that changes in revenue and entitlement law have effects beyond one year, and the multiyear allocations can provide both greater control and greater flexibility. Recognition of this fact is found in the current practice of including three-year reconciliation directives in budget resolutions, even though control allocations to committees currently are made for only one fiscal year.

Single-year allocations can be misleading if provisions of an entitlement bill becomes effective part way through a fiscal year, or if provisions of a revenue bill are phased in over several years. An entitlement bill effective for part of the first fiscal year may be well under a one-year allocation level, but in succeeding years have a cost much higher than that first-year allocation. A two- or three-year allocation provides a more accurate parameter for controlling the budget effect of such legislation. To allow multiyear allocations and scorekeeping of new entitlement authority, H.R. 5247 provides that estimates of new entitlement authority be measured as the cost/savings from existing entitlement law that would be provided by a bill, resolution, or conference report. This estimate would necessarily cover the cost/savings of new legislation over each year in the allocation period, not just the year in which the legislation or provision is to be first effective. Similarly, revenue legislation with little impact in the first year may make dramatic shifts in Federal revenues over a three-year period. Appropriations bills, on the other hand, are virtually all on an annual budget cycle and are suited to a single-year control allocation.

The budget committees will have discretion to decide whether the allocation to any given committee will be for one, two, or three years. It is anticipated that the budget committees will consult with the relevant committees before making the allocation, in order to provide committees maximum flexibility to deal with matters in their jurisdiction in the most appropriate manner.

Point-of-Order Control of Budget Aggregates

H.R. 5247 provides that immediately upon adoption of a budget resolution, point of order control lies against any measure that would cause a budget aggregate to be breached, unless that measure would not cause the control allocation of the committee of jurisdiction, made pursuant to the budget resolution, to be exceeded. The budget aggregates include budget authority, outlays, entitlement authority, revenues, direct loan obligations, and primary loan guarantee commitments.

The Congressional Budget Act of 1974 provides that after adoption of the second budget resolution, or completion of reconciliation if it is directed by that resolution, it shall not be in order in the House or Senate to consider legislation which would cause aggregate levels of budget authority, outlays, or revenues to be breached. The first budget resolution for fiscal year 1974 and the House passed first budget resolution for fiscal year 1985 make this provision applicable only if a measure also would cause a committee to exceed its discretionary allocation of budget or entitlement authority. The task force recommendation maintains this practice and extends it to revenue and credit legislation as well, and makes the point of order applicable immediately upon adoption of a budget resolution. The task force also recommends that since entitlement spending accounts for such a large share of government spending and for such significant growth in government spending, that it should be highlighted as a separate aggregate in the budget resolution. These recommendations conform existing aggregate controls to the task force recommendations for a single binding budget resolution approach, for expanded scope of the budget resolution, and for emphasis on committee responsibility as the cornerstone of congressional budget control.

The task force does not recommend a point of order to enforce outyear planning aggregates in budget resolutions because it would be superfluous. Such a point of order would never have application in the budget year since virtually all appropriations are on an annual cycle. Point-of-order control by committee on the three-year impact of certain spending and revenue bills, as discussed in the previous section, puts control on congressional actions that do have an outyear impact, and therefore offers the best method for affecting outyear budget levels.

Control of the Budget Base Through Strengthened Reconciliation

H.R. 5247 provides that any budget resolution may include reconciliation directives for committees to report legislation to achieve purposes of the budget resolution. The task force anticipates that reconciliation directives will be a typical feature of budget resolutions required to be adopted by April 15. Reporting dates for reconciliation legislation are left to be established from year to year in the budget resolution reconciliation directive. H.R. 5247, however, does provide a deadline for concluding action on reconciliation legislation in each House. In the House, consideration of the Independence Day District Work Period resolution is prohibited until action on reconciliation is completed. The comparable deadline for the Senate is August 15.

The task force recommends that all revenue (including tax expenditures), spending, and credit authority mandated by current law be subject to reconciliation directives. The period of time covered by the reconciliation directives is flexible, paralleling the task force recommendations for control at the committee level. A directive may cover one fiscal year, a total amount for two fiscal years, or a total amount for three fiscal years. The task force recommendation specifically prohibits reconciliation directives for changes in levels of authorizations for appropriations. The task force also recommends strongly a general policy against program expansions in reconciliation legislation.

The task force also recommends that control sanctions for reconciliation legislation be improved. One such improvement is inherent in the recommendations for committee control, which include savings from reconciliation directives in the net committee control allocation for discretionary action. Furthermore, the task force recommends that a rule on a reconciliation bill may make in order an amendment pursuant to a reconciliation directive, if a committee fails to recommend such legislation, thus assuring the House an opportunity to act on legislation pursuant to such directives.

Virtually all revenues and sixty percent of all spending results from permanent authority. The spending base is not only large, it also has exhibited powerful growth trends. In recent years growth has come not from enactment of major new programs, but principally from demographic trends as they operated on established programs, from the effect of cost-of-living adjustments triggered automatically by law, and from the indirect impact of inflation on these programs. The importance of having a device for affecting revenues and spending in the budget base for fiscal policy purposes is brought home by the fact that discretionary spending resulting from all appropriations bills except defense could be zero for this budget year and the budget as submitted would still be in deficit.

Reconciliation has not been implemented in the manner set out by the Congressional Budget Act of 1974. Under the Act, reconciliation directives were to be included in the required second budget resolution for the fiscal year, if necessary, and their scope was limited to revenues and to spending legislation adopted after May 15 of that year. Reconciliation is now included in the first budget resolution, covers in its scope the entire budget base, and directs changes in legislation effective over three years.

The task force includes these features of current practice in its recommendations. The task force recommendations also take account of objections from House Members to the use of reconciliation to change levels of authorization for appropriations. Changes in authorization levels do not necessarily result in savings, they do not directly affect spending, and they are redundant to the control allocation placed on the appropriations process. It should be noted that the point of order lies against changes in levels of authorizations for appropriations in reconciliation directives. This prohibition does not preclude from reconciliation legislation changes in formulas for discretionary programs which in current practice are treated like mandatory spending for purposes of budget control (e.g. food stamps). The task force also recommends a general policy of excluding program liberalizations from reconciliation legislation.

The task force does recommend further measures to strengthen reconciliation. One improves the timetable for reconciliation. Since reconciliation directives usually reflect major deficit reduction assumptions embodied in a budget resolution, the task force recommendations place reconciliation legislation on a strict schedule with appropriations bills for consideration during the month of June. H.R. 5247 requires that consideration of reconciliation legislation be completed in the House before the Independence Day District Work Period resolution may be considered.

Another area of improvement is in enforcement. A major weakness of reconciliation in current practice is the difficulty of ensuring that the House will have an opportunity to vote on legislation implementing the deficit savings directed by the Congress through reconciliation in a budget resolution. The result of this situation is that votes on major budget resolution contingencies could become symbolic expressions, which may or may not ever result in concrete actions on real budget problems. The entire budget process for setting fiscal policy would thereby be undermined. To deal with this problem, H.R. 5247 provides that a rule on reconciliation legislation may make in order an amendment pursuant to a reconciliation directive if a committee fails to recommend such legislation. The task force recommends that the Rules Committee work with the committee of jurisdiction, the Budget Committee and the leadership to ensure the opportunity for a vote on such an amendment, in the event a committee fails to report as directed.

Prohibition Against Establishing New Backdoor Financing

H.R. 5247 maintains the current prohibition against contract and borrowing authority legislation. It also establishes barriers against additional forms of backdoor spending by prohibiting consideration of legislation that provides monetary credits or residual spending authority, unless that legislation also limits the use of that authority to the extent provided in appropriation acts. Legislation including backdoor provisions is also prohibited from consideration under suspension calendar procedures.

H.R. 5247 describes monetary credit authority as the authority to forego collection of offsetting receipts, and describes residual spending authority as the authority to make payments (including loans, grants and payments from revolving funds) other than the types of spending authority specifically described elsewhere in the Act as amended by H.R. 5247. The Act exempts Social Security Trust Funds, other ninety-percent self-financed trust funds, and certain federal programs and activities from restrictions on backdoor spending. H.R. 5247 retains these exemptions and extends them to its provisions restricting backdoor spending.

The Congressional Budget Act of 1974 prohibits consideration by the House or Senate of legislation which provides contract authority or borrowing authority, unless that authority is effective only to the extent provided in appropriation acts. This prohibition was intended to prevent the enactment of legislation which would authorize agencies to enter into contracts or borrow funds for agency use without any constraint from the congressional budget process or any review through the annual appropations process. It would have done little good to impose a system of controls to limit appropriations and new entitlement authority to levels assumed in the budget resolution, if other forms of federal obligation were available to be used whenever appropriations and entitlement authority were restricted.

The prohibition of monetary credits in the Task Force recommendation is intended to prevent legislation which authorizes government agencies to obtain property, mineral rights, or goods or services from private individuals or corporations in exchange for a reduction in payments due the federal government from the individual or corporation (for instance, a reduction in royalty payments due for minerals mined on federally owned land). This kind of bartering currently escapes any congressional budget process review since under current definitions and scorekeeping rules no budget authority or entitlement authority is provided. Such legislation has a very definite effect on the federal budget, however, since reductions in offsetting receipts increase the deficit just as a similar allocation of budget or entitlement authority would.

The prohibition of residual spending authority goes against expenditure of federal funds by financing mechanisms not specifically described in the Congressional Budget Act of 1974, as amended by H.R. 5247. This prohibition is intended to highlight the methods of authorizing the obligation of federal funds which would escape the scrutiny of the congressional budget process through annual appropriations review.

The task force includes these recommendations principally to establish a burden of proof early in the legislative development of backdoor financing approaches. This step is necessary from a budgetary point of view, because once backdoor financing mechanisms are established in law, the programs and activities financed by them tend to be removed from regular budgetary review. They become part of the budget base. As has been stressed repeatedly in this report, the budget base presents great problems for budget control. Making reductions in spending resulting from the mandate of current law is very difficult. Congress is only now developing reconciliation as a tool for this review. The task force believes, therefore, that expansion of the budget base through backdoor financing techniques, where appropriate, should be justified and approved only on a case by case basis. On the whole there should be a strong presumption in favor of funding Federal activities through the appropriations process.

Improved Information for Budget Control

H.R. 5247 includes a number of provisions to improve the information necessary to support budget controls. The following discussion outlines the information required to support point-of-order control and the prohibition against new backdoor financing, and development of the budget resolution itself.

Control at the Committee Level. Control at the committee level is initiated by allocations for discretionary action to committees of the House and Senate. These allocations are included in conference reports on budget resolutions as required by the Act. They are also included in reports accompanying budget resolutions to give committees an early notice of their responsibilities under the budget resolution. Reports on revenue, spending, and credit legislation must include comparisons of discretionary action levels in reported legislation with the committee allocation. This information is particularly important to the operation of the control system at the conference stage for budget legislation. For the first time, this information will be required for conference reports. Such information must be made available to Members at least two hours prior to consideration of conference reports.

While the task force feels that point-of-order control at the subcommittee level is not appropriate, it does believe that information at that level should be made available to Members. Each committee receiving control allocations, except those for revenues or tax expenditures, must subdivide them among programs or subcommittees (only among subcommittees for the appropriations committees), and promptly report these subdivisions to its House. These subdivisions may be revised at any time. Such subdivisions obviously serve a useful management tool for committees as they set the parameters of action for their subcommittees or for their programs. Reporting this information to the House, however, serves a more general purpose. It provides the Members of each House with information on the targets a committee sets for itself regarding legislation about to be considered, against which the discretionary amounts provided by that legislation may be compared. The task force believes this information will provide useful guidance for Members as they consider voting on spending legislation.

The task force recognizes that a steady flow of accurate information from authorized sources for scorekeeping purposes is necessary for the control system to work. The Congressional Budget Office is required to provide at least monthly budget status reports to committees, and the task force expects that the budget committees will provide to their Houses, from time to time, comprehensive information on the status of the budget.

In the control system recommended by the task force, scorekeeping information is used to trigger a point of order against legislation. The operation of the system requires that there be only one source for such information, and that is the Budget Committee. To ensure the wide acceptance and credibility of the scorekeeping system, however, the task force recommends that the scorekeeping rules of the House be reviewed by a Member Users Group. The overriding purpose of this group is to provide a forum for differing points of view to be heard on technical scorekeeping issues that sometimes have very significant program and policy implications, and to provide an institutional mechanism for resolving such issues. The Member User Group is discussed further under the section E, "Institutional Co-ordination."

Backdoor Financing. H.R. 5247 establishes several informational requirements to supplement the prohibition against legislation which expands the budget base through new backdoor financing. To improve congressional understanding of the kinds of existing mechanisms used to finance the budget base, the General Accounting Office is required to submit a report on this subject to Congress within eighteen months after H.R. 5247 becomes effective, and to revise that report from time to time. The Congressional Budget Office is required to incorporate descriptions of financing mechanisms in its cost estimate reports on legislation. Finally, committee reports are required to identify and justify backdoor financing provisions.

Consideration of Budget Resolution. H.R. 5247 includes several provisions to make better information available during consideration of budget resolutions. A definition of baseline projections is provided to ensure a neutral baseline for the development of budget resolutions. Current practice, which is to include real growth for purposes of defense and not for other discretionary spending, obviously does not provide a neutral baseline. Furthermore, it understates the growth of defense when compared to the President's proposals and tends to confuse debate on that issue. Also, the Rules Committee is urged to continue its policy of requiring CBO cost estimates based on common economic assumptions for proposed amendments to budget resolutions.

D. EXPANDED COVERAGE

This section of the report explains the task force recommendations on credit activity, tax expenditures, off-budget Federal entities, and capital investment information. The task force recommendations are based on one general principle: the documents used by Congress for budget decisions should provide a complete picture of Federal financial activities. The task force strongly affirms this principle.

The task force finds three reasons to advocate a budget that is comprehensive of the full range of Federal financial commitments:

- to facilitate decisions on overall fiscal policy and national budget priorities,
- to ensure that some programs are not disadvantaged by the congressional decisionmaking process, and
- to encourage trade-offs among spending programs, credit activities, and tax expenditures with similar objectives.

On the last point, the budget process provides a unique opportunity to make trade-offs among programs with similar objectives but different forms of financing. The Budget Committees are the only committees whose jurisdiction provides the necessary comprehensive viewpoint to make such trade-offs. The task force recognizes the value of examining all forms of financial commitment devoted to the same objective and making sure that the funding arrangements are the most efficient. To that end, H.R. 5247 provides that the report accompanying a budget resolution shall include information on the total level of Federal commitment (including, budget authority and outlays, credit activity, and tax expenditures) in each functional category.

The task force also recommends that the Budget Committees experiment, during markup, with different approaches to promote trade-offs. Study of the Canadian "Policy and Expenditure Management System", by which an overall spending, lending and tax expenditure limit is set for each major functional category or "resource envelope", may be beneficial. Currently, comparisons among different methods of financing are difficult given the available measures of the costs of spending programs, credit activity and tax expenditures. H.R. 5247 requires that CBO continue to study new measures of these forms of Federal financial commitment in order to facilitate comparisons among them.

1. CREDIT ACTIVITY

SUMMARY OF RECOMMENDATIONS

The task force believes that levels of credit activity should be required to be included in budget resolutions and should be subject to the same controls as spending.

Specifically, H.R. 5247 provides that:

- Budget resolutions include aggregate and functional levels of credit activity. Credit activity, hereafter, denotes direct loan obligations and primary loan guarantee commitments.

- Credit legislation is subject to the same system of controls as are spending measures: discretionary action allocations are made to the committees of jurisdiction and points of order ensure that Congress does not consider legislation that would exceed the committee's allocation.
- Existing credit programs may be subject to reconciliation.
- Measures providing new credit authority are subject to a point of order unless the credit authority is limited to amounts provided in appropriation acts.
- Changes are made to the budget treatment of Federal Financing Bank financing for credit activity.

EXPLANATION

Strengthening Credit Controls

H.R. 5247 requires that a credit budget be included in congressional budget resolutions and adds enforcement procedures to make controls on credit activity parallel with controls on spending.

In particular, H.R. 5247 requires that discretionary action allocations of credit activity shall be given to each committee. Credit legislation must be accompanied by a statement comparing the levels of discretionary credit activity provided by the bill with levels in the budget resolution. If enactment of credit legislation would cause the committee's discretionary allocation to be exceeded, it is not in order to consider the measure. (Further explanation of the enforcement procedures is found in section C. "Strengthened Controls")

H.R. 5247 also requires that measures providing credit authority are subject to a point of order unless the credit authority is limited to an amount provided in appropriation acts. The suspension calendar may not be used to escape these controls; measures providing new credit activity in excess of $10 million may not be considered under suspension of the Rules of the House.

The task force is convinced that credit is, in many cases, the most efficient means of carrying out public objectives. Under current practice, however, credit activity is not fully represented in the budget nor is it subject to the same controls as is other spending activity. In recent years, the amount of Federal credit has grown faster than the amount of Federal spending. In absolute terms, annual net lending increased 239% from fiscal years 1974 to 1983. Total outlays grew 197% in that period. The task force believes all forms of Federal financial commitment should be fully represented in the budget and should be subject to similar forms of control.

Current Practice

In current practice, Federal credit is accounted for in two different ways. First, direct loan disbursements by on-budget agencies are included, on a net basis, in budget authority and outlay totals. Loan guarantees are excluded from the definitions of budget authority and spending authority. Budget authority and outlays appear only when defaults are recorded. The volume of new credit activity is not fully represented under this approach because off-budget direct loans are excluded, the netting of new loans with repayments of old loans understates the amount of credit activity, and loan guarantees do not appear in the budget until they are beyond congressional control.

Second, in recent years, a separate credit budget has been included in congressional budget resolutions and in the President's budget documents. This credit budget accurately reflects the volume of new credit activity. The credit budget includes off-budget credit activity. It scores all loans at the time of obligation and all guarantees at the moment of commitment. These are the points at which the executive and legislative branches can control credit activity. A separate credit budget, however, is not required by law of the President or Congress.

Presently, the credit budget is advisory. The President does propose limitations on selected credit programs, based on the levels of credit activity in the budget, to be placed in annual appropriations bills. This year the President proposed limits on about 49% of the credit budget totals for fiscal year 1985. Congressional budget resolutions often express the sense of Congress that credit activity should be limited through the appropriations process. But there are no procedures in place to enforce the levels set forth in the credit budget. It is not required that new credit programs be subject to limitations set in appropriation acts. there are no procedures to insure that Congress, in considering legislation providing new credit activity, knows how much credit activity is provided nor how the levels provided in the legislation compare with the levels set forth in the most recent resolution. No point of order lies against measures providing credit activity in excess of the levels set forth in the most recent resolution.

The Federal Financing Bank

H.R. 5247 changes the budget treatment of the FFB. Specifically, H.R. 5247 provides that receipts and disbursements of the FFB with respect to obligations issued, sold or guaranteed by a Federal agency shall be treated as a form of financing the agency. Also amounts of loans financed by the FFB and guaranteed by another Federal agency shall be included as outlays of the guaranteeing agency. These changes will not diminish the role of the FFB. H.R. 5247 changes only the accounting for that activity.

The task force believes that the Federal Financing Bank performs an invaluable service by coordinating Federal and federally assisted borrowing and by reducing the long term interest cost of the Treasury. The task force is concerned, however, that the current budget treatment of the FFB obscures the amount and purposes of Federal credit activity.

Under current practice, the FFB disburses loans directly to borrowers when the loans are guaranteed by another Federal agency. The Federal agency maintains responsibility for servicing the loans and operating the program. In effect, the agency's guarantee program becomes a government direct loan program. Loans made by a Federal agency are attributed to the FFB when the FFB purchases loan assets (such as certificates of beneficial ownership) from the Federal agency. Under current practice, the associated outlays are transferred from the originating agency to the off-budget FFB. Again, the originating agency maintains responsibility for servicing the loans and operating the program. (Further explanation of the FFB's activity is contained in "Credit: Background" in Appendix E.)

The task force recommendations will ensure that the credit budget accurately reflects the volume of new credit activity.

2. TAX EXPENDITURES

SUMMARY OF RECOMMENDATIONS

The task force recommends including in the budget resolution the recommended amount of change in the level of tax expenditures. The task force also proposes procedures to control the growth of tax expenditures.

Specifically, H.R. 5247 provides that:

- By February 15 of each year, CBO submits an inventory of current tax expenditures for purposes of the congressional budget process.
- The budget resolution includes a recommended amount by which the level of tax expenditures should be increased or decreased.
- Legislation increasing or decreasing tax expenditures is subject to a system of controls similar to controls on spending and credit measures: a discretionary action allocation is made to the tax committees and a point of order ensures that Congress does not consider legislation which would cause the discretionary action allocation to be exceeded.
- Reconciliation instructions may direct tax committees to change levels of tax expenditures. The instructions may not specify the particular provisions to be changed.

EXPLANATION

The task force recognizes that special provisions of the tax code affect the national economy and promote federal objectives in much the same way as do spending and lending programs. As the Congressional Budget Office wrote in its November, 1983 comments on the task force's proposals, "any rational budgeting procedures for regular outlays should, therefore, take account of the economic effects of these special tax provisions and attempt to impose some discipline on their proliferation."

Recommended controls on tax expenditures

The task force recommends certain controls on tax expenditures. The task force approach focuses attention on incremental changes to the level of tax expenditures.

Specifically, H.R. 5247 requires that CBO provide Congress, at the beginning of each year, an inventory of tax expenditures for purposes of the congressional budget process. CBO will continue to report on five-year budget projections for tax expenditures as required by the Congressional Budget Act of 1974. The Joint Committee on Taxation provides its estimates and five-year projections of revenue loss from tax expenditures in the beginning of each year. It is assumed that the Joint Committee on Taxation and CBO will continue to work together on these matters.

The budget resolution will contain the amount by which the level of tax expenditures should be increased or decreased. This is a ceiling on tax expenditure changes. Congress enforces the ceiling in the same manner that it controls the levels of federal spending and credit. The ceiling on tax expenditure changes is further explained in "Tax Expenditures: Background" in Appendix E; other aspects of the enforcement procedures are explained in section D, "Strengthened Controls".

This approach focuses attention on incremental changes in the level of tax expenditures. It also provides flexibility to the tax committees in implementing Congress's general directions on tax expenditures. The resolution does not include a functional allocation of tax expenditures and it does not specify the particular changes to be made. Only the amount and direction of change is specified.

Current Practice

The Congressional Budget Act of 1974 defines "tax expenditures" and "tax expenditures budget." It requires the President to submit a tax expenditures budget with his annual budget documents. It requires the Budget Committees to include five-year budget projections of tax expenditures by major functional category in the report accompanying a budget resolution. The Act also requires special information to be provided in reports accompanying tax expenditure legislation.

The budget resolution, under the Act, sets a floor for the total level of revenue. There are no procedures, however, specifically aimed at controlling tax expenditures. A bill increasing tax expenditures might lower the level of total revenue below that floor. In that case, the measure would be vulnerable to a point of order. To decide whether the point of order lies, tax expenditures are identified, their revenue loss is estimated, and possible interactions with other tax code provisions are anticipated.

Measuring Tax Expenditures

The task force, by focusing on incremental change, ameliorates the technical problems associated with measuring aggregate revenue loss.

Revenue loss is measured by comparing the revenue raised under current law with the revenue that would be raised if the particular provision had not been enacted. The estimates made for individual tax expenditures cannot simply be added together because revenue loss estimates measure only the isolated effect for each provision. The combined revenue loss is greater or less than the arithmetic sum of individual revenue loss estimates depending on the effects of interaction among the special provisions and other provisions of the tax code. The effects of interaction can be calculated if the number of provisions is limited.

The task force approach presents no special problems of measurement. The CBO report on tax expenditures, November 1982, explained:

> These problems with the aggregate number essentially fall away if the focus is shifted from controlling the total of tax expenditures to controlling the incremental changes to that total. If a budget resolution specified that tax expenditures were to be increased or decreased by $5 billion, the only question would be whether the provisions reported out by the tax-writing committees had that effect. This is the kind of estimate on which Congress relies all the time in considering tax legislation.

Identifying Tax Expenditures

Section 3(a)(3) of the Congressional Budget Act defines "tax expendítues" as "those revenue losses attributable to provisions of the Federal tax laws which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability."

Provisions that simply reflect the standard definition of income or of taxable income (e.g., the deductibility of employee business expenses) are not considered special and thus are not tax expenditures.

Tax expenditure budgets have been prepared on the basis of this definition since 1967 when the first tax expenditure budget appeared in the "Annual Report of the Secretary of the Treasury for Fiscal Year 1968". Over the years, Treasury, Office of Management and Budget, the tax committees, the budget committees, Joint Committee on Taxation and the Congressional Budget Office have all published tax expenditure budgets. All the lists are based on the same definition. There is consensus on the classification of the vast majority of provisions.

In recent years, some differences have distinguished the Administration's tax expenditure budget from Congress'. The definition remains the same; however, the Administration used general "reference tax rules", in its fiscal year 1984 budget, to identify the "special" provisions whereas the Joint Committee on Taxation and the Congressional Budget Office use the "normal tax structure." (These different methods are explained in "Tax Expenditures: Background" in Appendix E.)

Despite the differences in method, there is substantial agreement on application. There were only three provisions in dispute in the fiscal year 1985 budget. In the past, several of the controversial provisions, including the largest item, concerned depreciation rules. Some of the other matters in dispute are small items, including the suspension of regulations relating to allocation under Section 861 of research experimental expenditures. This provision is estimated to lose less than $2.5 million in revenue in fiscal year 1985 and will no longer be in effect after that year.

The task force recognizes that reasonable people may continue to disagree over the applicability of the definition to some provisions. H.R. 5247 requires that, for Congressional purposes, CBO provide an annual list of tax expenditures and that Congress attend to incremental changes. This mitigates the importance of complete agreement on the entire list.

3. OFF-BUDGET FEDERAL ENTITIES

SUMMARY OF RECOMMENDATIONS

The task force believes that all wholly Federal entities should be brought on budget. The task force maintains that independent Federal establishments and government-sponsored but privately owned enterprises should continue to be excluded from the unified budget.

H.R. 5247 provides that:

- All federal entities currently off budget or currently scheduled to go off-budget are brought on budget; because of their independent status, the U.S. Postal Service and the Board of Governors of the Federal Reserve System will continue to be excluded from the unified budget.
- Budget authority, spending authority and outlays associated with currently off-budget entities are considered budget authority, spending authority and outlays in accordance with definitions in the Congressional Budget Act of 1974.
- Changes are made in the budget treatment of Federal Financing Bank financing of the activities of other Federal agencies.
- Any measure taking a Federal agency off budget is subject to mandatory referral to the Government Operations Committee. That Committee shall have jurisdication to report amendments changing or striking the budget provisions.

EXPLANATION

The task force believes that all Federal financial activities should be included on budget. Thus, notwithstsnding any other provisions of law, the Federal Financing Bank, the Rural Electrification Administration, the Rural Telephone Bank, the SPR Petroleum Account, the United States Synthetic Fuels Corporation, the United States Railway Association and the Federal Old-Age and Survivors Insurance, Disability Insurance and Hospital Insurance Trust Funds will be brought on or remain on budget. (See "Off-Budget Federal Entities: Background" in Appendix E for further details.)

To indicate the size and growth of off-budget entities, consider these facts. In fiscal year 1973, the total off-budget deficit was $60 million or 0.7% of the total deficit. The off-budget deficit grew steadily until fiscal year 1981. In that year, it was $21 billion or 36.3% of the displayed deficit. The off-budget deficit has declined slightly since then. However, three trust funds are scheduled to go off-budget in fiscal year 1993 and these currently account for roughly 30% of total revenue and 25% of total outlays.

The financial activities of off-budget entities have the same impact on the economy as do the activities of Federal agencies included on budget. For that reason, the task force recognizes only one reason to exclude activities from the Federal budget. The one persuasive reason is that the activities are wholly or largely independent of the Federal Government.

Government-sponsored enterprises are excluded from the unified budget under current law and under H.R. 5247. The rationale is that they are controlled by privately owned corporations. They are not even considered off-budget federal entities. Their budgets are not reviewed by the President. Their budgets are presented in a separate section of the President's budget appendix just as they were submitted by the Government-sponsored enterprises. The task force believes that the current budget treatment is consistent with the independence and ownership of these privately owned enterprises.

To the degree that the U.S. Postal Service and the Board of Governors of the Federal Reserve System are independent establishments, the task force believes these entities should continue to be excluded from the unified budget. In both cases the exclusion is only partial. All Federal reimbursements and subsidies to the Postal Service are included on budget. In the case of the Federal Reserve Board, net profits are shown on budget. (Further explanation is provided in "Off-Budget Federal Entities: Background" contained in Appendix E.)

Legislation under which some federal entities are excluded from the unified budget (for example, P.L. 97–35 concerning the SPR Petroleum Account) also provides that disbursements and receipts shall not be treated as budget authority, spending authority or outlays for purposes of the Congressional Budget Act of 1974. H.R. 5247 requires that budget authority, spending authority and outlays be considered as such in accord with definitions in the Congressional Budget Act of 1974.

The statute establishing the Federal Financing Bank, P.L. 93-224, also states that the off-budget status of the Bank will not affect the budget treatment of federal agencies dealing with the Bank. But FFB does indirectly affect the budget treatment of those agencies by converting guaranteed loans into direct obligations, and by reducing the level of net outlays for on- and off-budget agencies by the amount sold to the off-budget FFB.

H.R. 5247 provides that FFB receipts and expenditures will be on budget and attributed to the appropriate originating agencies. This is a simple accounting change. The purpose is to make the credit budget more informative and the budget more comprehensive.

Finally, H.R. 5247 mandates a referral to the Committee on Government Operations if a measure includes provisions making Federal entities off-budget. This is intended to discourage such provisions. The task force recognizes there may be need in the future for new off-budget entities. The task force, however, agrees with the 1967 President's Commission on Budget Concepts when it stated that "borderline agencies and transactions should be included in the budget unless there are exceptionally persuasive reasons for exclusion." The mandatory referral to the Committee on Government Operations puts the burden of providing the persuasive reasons on those seeking off-budget status.

4. CAPITAL INVESTMENT INFORMATION

Summary of Recommendations

The task force does not recommend a separate Federal budget for capital investments distinct from a budget for operating or current expenses. The task force does recommend improving the quality of information available for capital planning.

Specifically, the task force recommends:

- Improvements in Special Analysis D ("Investment Operating, and other Federal Outlays") which is an analytic document currently transmitted with the President's budget.
- Development of a companion capital investment planning document to be transmitted with the President's budget which would include assessments of future needs by major program and alternative spending paths to meet these needs.

Explanation

Capital budgeting

Because of its commitment to a comprehensive budget, the task force cannot recommend that outlays for capital investment be separated from outlays for operating expenses. The task force does recommend changes in the analysis of investment-type programs in Special Analysis D provided with the President's budget. The task force also recommends developing a new analysis as a tool for integrated capital investment planning.

Most businesses and many state and local governments use one budget for current costs and a separate capital budget. The federal government, however, is in a unique position because of its fiscal size. The aggregate levels of Federal spending, revenue and deficit or surplus affect the nation's economy as no smaller governmental unit or business can. To determine fiscal policy, Congress and the President require a comprehensive, unified budget including capital and current expenses.

With a separate capital budget, programs classified as investments would be favored. Capital programs would not add to the operating deficit and thus would not be subject to the same scrutiny or pressures as current programs. Most Federal programs yield some future benefits. The task force believes that a separate capital budget would encourage an unproductive scramble for Federal programs to be classified, in part or whole, as capital investments.

Capital Planning

While the task force does not recommend a separate capital budget, it does recognize the important role the Federal Government plays in the construction and improvement of public facilities. The task force also notes that emphasis on the budget year deficit, as necessary and appropriate as that focus is, often leads to deferring capital investments. Holding back on rehabilitation projects saves money in the budget year but the necessary rehabilitation costs more in the long run because of the delay.

Currently, investment planning is done within agencies or programs. There is no comprehensive investment plan. Priorities are set each year project by project. This impairs stable funding and limits the long-term perspective necessary for rational decisions on capital investment.

To improve the information available for capital investment decisions, the task force urges four changes in Special Analysis D, "Investment, Operating and Other Federal Outlays" included with the President's budget since the early 1950's:

(1) The tables in Special Analysis D should present information by function and major program. These are the categories familiar to decisionmakers.

(2) Loan guarantee commitments and tax expenditures should be included as addenda.

(3) A measure other than net outlays should be used to indicate the full magnitude of loan activity and of activity financed by revolving funds.

(4) Better procedures should be used to estimate the proportion of discretionary grants used for capital and for operating expenses. Currently, all funds from a grants-in-aid program are attributed to capital (or current) if most of the outlays are expected to occur in capital (or current) expenses.

The task force also recommends development of a planning document to be included in the Special Analyses. The task force recommendation is similar to H.R. 1244 as reported by the Committee on Public Works and Transportation. Others, including GAO in "Federal Capital Budgeting: A Collection of Haphazard Practices" (1981) and "Pros and Cons of a Separate Capital Budget" (1983); CBO in "Public Works Infrastructure: Policy Considerations for the 80's" (1980); and the Committee for Economic Development in "Strengthening the Federal Budget Process" (1983), have called for similar planning documents.

In basic outline, the proposed planning document requires information on anticipated needs, costs and spending plans. To look to the future, the Federal Government must make periodic standardized assessments of future capital investment needs by major program areas. The assessments should be included in the planning analysis with the President's budget. The task force recommends limiting the analysis, at least initially, to items fitting the traditional definition of capital which is nondefense physical assets. This limitation does not denigrate the importance of research and development, education or military assets or their capacity to yield future benefits. The limitation is made, however, in recognition of the need to develop standardized assessment methods gradually on the most familiar items. The new planning document should also set forth alternative plans (for example, a high, middle and low level of investment) to meet the assessed needs.

The task force recommendations provide an opportunity for integrated investment planning without jeopardizing the unified budget or devising a process that inherently favors some programs over others.

E. INSTITUTIONAL COORDINATION

SUMMARY OF RECOMMENDATIONS

The task force finds that co-ordination and co-operation among the various participants of the budget process in the House of Representatives is of paramount importance to a successful process. The task force recommends several new ways to help resolve differences that may arise among participants over new procedures included in a budget resolution and over scorekeeping rules.

H.R. 5247 provides that:

- An "elastic clause" is retained in the Congressional Budget Act in order to allow new procedures and matters to be included in a budget resolution.
- If a House Budget Committee-reported budget resolution contains any procedures inserted under the authority of the elastic clause which have the effect of changing House rules, the resolution will be referred for five days to the House Rules Committee (for the purpose of reviewing and if necessary amending any such procedures).
- The House will have the opportunity for a separate vote on any Senate-initiated procedures which have the effect of changing House rules if such procedures are agreed to during House-Senate conference on the budget resolution.
- A budget Member User Group in the House of Representatives, which would review budgetary scorekeeping rules and practices of the House and advise the Speaker on the impact of them, is to be appointed by the Speaker in consultation with the Minority Leader.

In addition to the provisions of H.R. 5247, the task force recommends that:

- The House Budget Committee announce new procedures proposed to be included in the first budget resolution early enough to provide affected House committees the opportunity to comment on them.

EXPLANATION

The Need for Coordination in the Budget Process

The usefulness and the credibility of the congressional budget process depends upon the willingness of Congress to adhere to the budgetary limits it sets in a budget resolution. For it to function smoothly, the process requires co-operation and co-ordination among the Budget Committees, committees with jurisdiction over spending and revenue legislation, and House and Senate leadership in the development and implementation of budget resolutions. Although interaction among various participants in the process is an issue in both houses of Congress, the task force considered this matter only as it applies to the House of Representatives.

Co-ordination on budget matters in the House is inherently difficult because jurisdiction over the budget—spending, revenue, and credit legislation—is dispersed among many different committees under a complex jurisdictional structure which has evolved over the course of a more than a century. Although responsibility for most spending and revenue law is vested in two committees, the House Ways and Means Committee and the House Appropriations Committee, nearly all standing committees have either some budget jurisdiction or a direct interest in programs which are affected by spending and revenue limits set in a budget resolution. Since 1975, one House committee—Budget—has had the extraordinarily difficult responsibility for pulling together the disparate interests within the House and producing a budget plan that a majority of House Members can support. The Budget Committee's work cannot be done without a great deal of consultation with and co-operation among other participants in the budget process.

The task force recognizes it as essential to have close cooperation among the House Budget Committee, House leadership, and other committees in the development of both the substantive and procedural provisions of a budet resolution. Such consultation early in the development of the resolution is all the more essential under a budget process where the provisions of the budget resolution become binding upon its adoption. The task force also regards it as imperative that all committees work to achieve the policies of a budget resolution, once it is approved by Congress.

New Procedures Regarding Use of Elastic Clause

H.R. 5247 provides that a budget resolution may "set forth such other matters, and require such other procedures, relating to the budget as may be appropriate to carry out the purposes of the Act". This provision combines the Act's two existing elastic clauses, Sections 301(a)(7) and 301(b)(2).

The task force makes this recommendation with certain reservations. At the time the task force was established, it was evident that one of the most troublesome aspects of the budget process in the House was the confusion and dissention among Members over new procedures and matters inserted in the first budget resolution under the authority of the Act's elastic clauses.

By 1982, it was common practice to include a number of provisions different from those outlined in the Act in a first budget resolution, including reconciliation directives that would require changes in existing law, deferred enrollment of bills exceeding a committee's Section 302(a) allocation or 302(b) subdivision, and provisions making the first budget resolution binding on October 1 if a second budget resolution was not adopted by that date. In addition, the scope of budget resolutions had been expanded to include, on an advisory or nonbinding basis, credit limits, budget figures for two years beyond the budget year, and sense of Congress language of a wide range of issues. The inclusion of these new procedures and matters has had an effect on almost every committee of the House, and their cumulative effect has been the institutionalizing of a budget process that is significantly different from the one provided for in the Act.

Procedural changes have originated in the Budget Committee, as floor amendments, or in House-Senate conference on the budget resolution where the House agrees to Senate-initiated procedures. Because the focus during committee, floor, and conference deliberation on budget resolutions is on budget priorities—the substantive budget issues—procedural issues have usually received little attention. As a result, there has often been little awareness of the implication of changes under consideration.

The task force specifically recommends that the House Budget Committee make every effort to provide notice of any new procedures that the Committee expects to include in a budget resolution early enough to provide affected House committees the opportunity to comment on them. The Budget Committee is urged to carefully consider suggestions for modifications to those proposed procedures and to try to resolve differences over them prior to its consideration of the budget resolution.

In order to ensure adequate consideration of any proposed new budget procedures, H.R. 5247 provides that if the House Budget Committee reports a budget resolution containing a procedure inserted under the authority of the elastic clause which has the effect of changing House rules, the resolution automatically will be referred to the House Rules Committee with instruction to report it within five calendar days (not counting any day on which the House is not in session). The Rules Committee will be able to report the resolution with an amendment (or amendments) which change or strike any such procedure.

The task force notes that this new requirement does not confer any new jurisdiction on the House Rules Committee. Clause 1(q) of Rule X vests in the Committee legislative jurisdiction over all matters affecting the rules of the House, the joint rules, and the order of business. In addition, the Committee reported the Congressional Budget Act of 1974, and therefore possesses jurisdiction over budget procedures inserted in a budget resolution not specifically authorized by the Act that affect the operation of the Act or of the rules of the House.

Precedent for the sequential referral to the Rules Committee of a budget resolution containing new procedures has already been set. In 1983 and 1984, the Committee sought and received sequential referral over the budget resolutions for the purpose of examining procedural matters inserted pursuant to Section 301(b)(2) of the Act. The Committee held hearings on those matters in conjunction with its hearings on a rule for consideration of the budget resolution. However, in both years, an accelerated schedule for consideration of the budget resolution prevented the Committee from giving adequate consideration to these procedures. The task force believes that a five-day referral will give the Committee a sufficient period of time to allow a proper review of the proposed procedures and the adoption of amendments to such procedures, should that prove necessary. Under H.R. 5247, the Committee will not need to request sequential referral of a budget resolution—it will automatically receive it unless it waives its right to it.

H.R. 5247 also establishes House floor procedures which permit striking or amending any new procedures or other matters which have the effect of changing House rules prior to adoption of the conference report. The task force recommends the procedures established by this bill as a way of ensuring that the House will be able to give separate consideration to any controversial procedures which are initiated in the Senate budget resolution under authority of the elastic clause and agreed to by the House conferees.

Member User Group

Next to the use of elastic clauses, a second area in which there is a need for procedures or institutional mechanisms to help resolve differences among committees is in the development and implementation of scorekeeping rules. H.R. 5247 provides that the Speaker, after consulting with the Minority Leader, shall appoint a Member User Group for the purpose of reviewing budgetary scorekeeping rules and practices of the House and advising the Speaker from time to time on the effect of them. The bill further provides that estimates made by the House Budget Committee for purposes of determining whether a bill exceeds a committee allocation or an aggregate ceiling will be made in accordance with the scorekeeping rules.

Under the strengthened committee allocation control system provided for under H.R. 5247, budget scorekeeping will take on additional importance. Committees will have to pay close attention to how a particular piece of reported legislation affects its allocation for discretionary action because exceeding that allocation will cause a bill to be subject to a point of order. A bill that is scored differently from the way the committee of jurisdiction expects it to be scored could determine whether it is subject to a point of order or not. Therefore, it is important to have an institutional mechanism in place to resolve any disputes that may stem from scorekeeping rules.

Since 1983, the House Budget Committee has consulted on certain matters involved in the implementation of budget controls (including scorekeeping rules) with a "users' group" which consists of senior staff members from other committees. However, the users' group is not a Members' group, and thus is not in a position to resolve differences that may arise with respect to those matters.

Despite the best efforts of the House Budget Committee to accommodate any special needs in the development and application of scorekeeping rules, there will inevitably be times in which disagreements on such issues arise. The task force views the establishment of a group who can help the Speaker resolve any such disputes as a necessary requirement for the smooth and effective operation of the budget process in the House.

The task force anticipates that the Speaker will appoint to the Member User Group several chairmen, ranking minority members, or other senior members of committees with significant amounts of jurisdiction over budget legislation. The precise size and composition of this group is left to the discretion of the Speaker. It should be emphasized that this user group will be an advisory panel which is set up to give the Speaker guidance in determining how to resolve disputes among committees over such matters. The existence of a Member User Group, in conjunction with strengthened scorekeeping requirements (described in the section entitled "Strengthened Controls"), and a policy of publishing scorekeeping rules, will result in a better coordinated scorekeeping system in the House.

IV. STEP BY STEP DESCRIPTION OF BUDGET PROCESS UNDER H.R. 5247

Under H.R. 5247, as recommended by the task force, the budget process would operate as follows:

An Early Start in January

Organization of Congress

Congress convenes on January 3, as now is required by law. To ensure that House committees are in a position to organize promptly, the House completes election of committees within seven days after it convenes. This requirement does not affect the ability of the parties to change the composition of committees after that date. Convening and electing its committees during the first week of January also enables the Congress to receive the President's budget submission earlier than it does now, a critical first step in an improved budget process.

Submission of Budget by President

The President submits his budget on the first Monday after January 3. (Under current law the President must submit his budget within 15 days after Congress convenes. Congress sometimes takes legislative action to convene after January 3, and often, in addition, permits the President to submit his budget at a later date than required by law.) Early submission of the budget is critical because each step in developing a budget builds on the last, and a delay at any stage is reflected in subsequent stages. Submission of the budget early in January allows time for processing of budget materials by the Congressional Budget Office, the General Accounting Office, and Congressional staffs to permit effective review by committees beginning in February.

The President follows current practice and submits the current services budget concurrently with the budget. The current services budget provides a useful baseline against which to measure policy changes in the budget recommendations.

Within two weeks after the budget submission, the Office of Management and Budget submits proposed legislative language to accompany budget proposals for revenue and entitlement legislation. (Currently, there is no deadline for submission of such language, and it may be submitted months later or not at all. Proposed budget amounts and summary statements now included in budget documents are useful for indicating the direction of policy, but they do not provide the information necessary for committee review and action on this type of legislation, which directly affects the deficit.)

CONSIDERATION OF AUTHORIZATIONS FOR APPROPRIATIONS

(January through May)

From January through May, Congress completes consideration of authorizations for enactment of appropriations expected to be funded in the coming fiscal year. This timetable permits the House to complete consideration of appropriations bills by the end of June, the Senate by August 15, and Congress by October 1, the beginning of the fiscal year. The task force feels strongly that multiyear authorizations are desirable, but that all types of authorization should be completed a year in advance.

Monthly Schedules of Major Authorization Legislation

Beginning as early as February, monthly schedules for consideration of major authorization legislation are announced by the leadership. To assist the leadership in its work with House committee chairmen to develop these schedules, the Congressional Budget Office submits to Congress early in January a list of programs and activities, by committee, that require enactment of authorization before consideration of appropriations for the coming fiscal year. This list is intended to provide, at an early date, a profile of congressional workload that is critical to the timely operation of the budget process.

No Reporting Deadline for Authorizations

The requirement of the Congressional Budget Act of 1974 for reporting authorizations by May 15 is repealed. This deadline is inconsistent with Rule XXI of the House which requires enactment of authorizing legislation prior to House consideration of appropriations. Legislation reported in the House by May 15 has little chance of being enacted into law before consideration of appropriations bills begins in June. Furthermore, it has resulted in a "term-paper" mentality. Scores of authorizations bills have been reported in mid-May, many of which could have been considered earlier in the year when they would not have competed for floor time with appropriations bills. The task force believes that simply setting another reporting or enactment deadline for authorizing legislation is not a solution, since a single date does not fit all circumstances.

A SINGLE BINDING BUDGET RESOLUTION ADOPTED BY CONGRESS BY APRIL 15

Congress adopts a single binding budget resolution by April 15, rather than by May 15 as is now required. Ceilings and floors on both the budget aggregates and committee control totals established by the conference report on the budget resolution become effective immediately upon the adoption of the budget resolution. While there is no requirement for adoption of a second budget resolution as provided by the Congressional Budget Act of 1974, the consideration of revised budget resolutions for a fiscal year is permitted at any time after the April 15 budget resolution has been adopted. No legislation changing revenues or providing budget authority, entitlement authority, or credit authority may be considered until the single binding budget resolution is adopted.

The Congressional Budget Office submits its annual report, including a tax expenditure inventory, by February 15 and committees submit their views and estimates to the budget committees by February 25. These dates are consistent with the task force recommendation to complete action on the budget resolution by April 15.

Content of the Budget Resolution

The budget aggregates appearing in the budget resolution include those aggregates established by the Congressional Budget Act of 1974; that is, new budget authority, outlays, revenues, the deficit, the public debt limit, and the change in revenues. The budget resolution conforms to the practice of recent years and includes aggregates for credit, namely direct loan obligation, and primary loan guarantee commitments. Two new aggregates are included in the budget resolution: entitlement authority and the change in tax expenditures. Entitlement authority is included to exert some control over an area of the budget which is significant in size and growing. A recommended amount of change in tax expenditures is included because this is another area of rapid growth in recent years. The change from existing law rather than the total amount is included for tax expenditures, because the change figure is best for purposes of control.

The budget resolution also includes a division of the appropriate budget aggregates among functional categories, a practice established by the Congressional Budget Act of 1974. The task force determined that functional categories, such as national defense, energy, health, general government, veterans, and science and technology provide the best opportunity for a meaningful debate on Federal budget priorities without detracting from the macro focus of the budget resolution. The functional categories also sustain the credibility of the process by providing essential building blocks to the budget aggregates.

Budget resolutions also include materials included by practice in recent years; namely, planning amounts for aggregates and functions for the two fiscal years following the budget year and multiyear reconciliation directives for committees to report legislation to achieve the purposes of the budget resolution. When appropriate, new procedures and matters may be inserted under authority of the elastic clause as provided by the Act.

Budget Resolution Report

The report accompanying the budget resolution continues to provide information currently required by the Act, which includes comparisons between the reported budget resolution amounts and the recommendations of the President, an allocation of revenues by source, a statement of economic assumptions and objectives, five year projections; a tax expenditure budget, a controllability analysis, and a statement of assistance to state and local governments.

The report includes a new statement on credit, tax expenditures, and spending by functional category in order to ensure that information is available in one place indicating the major ways in which the Federal Government commits resources for particular purposes of government.

A distribution among committees of the reported budget resolution aggregates and control totals also appears in the report. It is appropriate to clearly display at an early date the implications of the budget resolution levels for committee action for the rest of the year because the budget resolution is binding on committees.

Floor Procedures for Considering Budget Resolution

The ten-day layover period for budget resolutions established by the Act is reduced to five days. If a budget resolution includes language affecting the rules of the House, it is referred to the Rules Committee for up to five days. House consideration may follow within a day after the Rules Committee reports.

The task force urges the Rules Committee to follow the policy it has in recent years to structure floor debate on budget resolutions. Under this policy amendments to budget resolutions are limited to those focusing on major fiscal and budget issues, and they are required to have CBO cost estimates using common economic assumptions. Budget resolutions continue to receive ten hours of general debate and an additional four hours of debate on economic goals and policies. The expedited floor consideration procedures established by the Act are retained.

Budget Resolution Conference Report

The statement of the managers on a budget resolution conference report includes at least three kinds of information. The first is a statement of the economic assumptions underlying the budget levels included in the conference report. The second is a distribution of the budget total among committees of jurisdiction. This information includes all spending, revenue and credit amounts for the fiscal year, including those that result from existing law.

The final information requirement for the statement of the managers is an allocation for discretionary action to committees. This information is vital because its establishes the budgetary limits of legislative action by committee. Points of order apply to all legislation that would breach the control amount. A control amount allocated to a committee is a net number, which includes reconciliation savings as well as funding increases assumed by the budget resolution. It covers only legislative activity during the session that directly affects spending, revenues, tax expenditures, or credit authority. It does not include possible reestimates of the budgetary impact of permanent legislation within a committee's jurisdiction, which tend to mask whether a committee is doing its job with respect to the budget.

The control allocations to committees may cover total amounts for the budget year, or the budget year plus the following year, or the budget year and the two following years. The intention of this flexibility in the control system is to achieve effective control over a variety of types of financing. Regular appropriations bills, for instance, are on an annual cycle. Entitlement and revenue bills, however, usually involve changes to permanent law that continue to have effect in future budget years.

Procedural changes in a budget resolution conference report different from those in the House passed budget resolution are treated in essentially the same manner as nongermane Senate amendments, thus allowing a separate vote on such matters by the House.

CONSIDERATION OF BUDGET LEGISLATION

(June through September)

Each committee receiving an allocation for discretionary action submits promptly to its House a subdivision of that allocation by subcommittee or by program (Appropriations Committees must subdivide by subcommittee). This information, when compared with budget estimates of reported legislation, is intended to assist Members during consideration of revenue or spending bills. Consideration of budget legislation is prohibited until the committee of jurisdiction reports its subdivision.

Timetable for Appropriations Bills

Consideration of the Independence Day District Work Period resolution is not in order until the House has approved all regular appropriations bills. All regular appropriations bills are reported by June 10. To ensure these deadlines are met, some of these bills are reported in the month of May with floor consideration of appropriations bills beginning in that month and continuing into June. The task force's highest priority guiding these timetable requirements is to eliminate dependence on continuing resolutions to finance the operations of the government. The task force expects the Rules Committees to give sympathetic attention to the necessary rule waivers to permit consideration of appropriations bills on this schedule if authorizations are not yet enacted into law. Senate consideration of appropriations bills is to be completed by August 15.

Reconciliation

A major concern of the task force is improved control of the budget base. Virtually all revenues and about sixty percent of all spending expected for a fiscal year result from permanent law. The task force recommendations build on the experience with reconciliation procedures employed in recent years. The intention is to strengthen reconciliation as the best legislative tool available to control the budget base.

A reconciliation timetable is established. Reconciliation directives are carried in the April 15 budget resolution. Consideration of reconciliation legislation must be completed in the House by June 30, and in the Senate by August 15. Consideration of the Independence Day District Work Period Resolution is prohibited in the House until consideration of reconciliation is completed by that date. Reporting dates are left flexible, and the procedures for floor consideration of reconciliation legislation are unchanged from those included in the Act.

Enforcement is specified. If a committee fails to recommend legislation pursuant to a directive in a budget resolution, the Rules Committee may make in order an amendment to reconciliation legislation pursuant to the budget resolution directive. This provision gives the House the opportunity to work its will on reconciliation legislation during the month of June.

The scope of reconciliation covers the entire budget base, including all forms of spending commitment, credit authority, revenues, and tax expenditures. Reconciliation of authorization levels is prohibited. Consistent with other control provisions, reconciliation directives may cover totals for the period of the budget year, or the budget year plus the following fiscal year, or for the total of the budget year plus the two following fiscal years.

Budget Control Information

Reports accompanying spending and revenue legislation include comparisons with the control allocations made to the committee reporting the bill, a cost estimate for the bill, and a five year projection of costs for a legislation making changes in existing law. This basic information is also made available to Members at least two hours prior to consideration of conference reports on spending and revenue legislation.

To keep Members informed of the status of the budget, the Congressional Budget Office submits at least monthly, reports to committees. This information is supplemented from time to time to Budget Committee reports to the House. To ensure compliance and support for the often complicated scorekeeping system necessary to support the point-of-order control on committee legislation, a Member User Group (established by the Speaker in consultation with the Minority Leader) reviews scorekeeping rules and practices.

V. SECTION BY SECTION SUMMARY OF H.R. 5247

TITLE I—CONGRESSIONAL BUDGET PROCESS

Section 101. This section amends Title III of the Congressional Budget Act of 1974. The section numbers in this summary refer to Title III as amended.

Section 300. Timetable. This section sets forth the timetable for the congressional budget process.

Section 301. Annual Adoption of Concurrent Resolution on the Budget

(a) Content of Concurrent Resolution on the Budget. This subsection requires Congress to complete action by April 15 of each year on a concurrent budget resolution setting forth the congressional budget for the United States Government. The budget resolution sets forth appropriate levels for the coming fiscal year and planning levels for the two ensuing fiscal years, including aggregate levels for total new budget authority, budget outlays, entitlement authority, credit authority, revenues, the surplus or deficit and the public debt. The budget resolution also includes the total amount by which revenues and tax expenditures (excluding the effect of changes in tax rates) should be changed and a distribution of total new budget authority, budget outlays, entitlement authority, and credit authority into major budget functional categories.

(b) Additional Matters In Concurrent Resolution. This subsection provides that the budget resolution may also include the calendar year in which Congress believes the unemployment goals of the Employment Act of 1946 should be achieved, reconciliation directives, and other matters and procedures appropriate to carry out the purpose of the Act.

(c) Consideration of Procedures or Matters which Have the Effect of Changing any Rule of the House of Representatives. This subsection provides that a budget resolution having the effect of changing any rule of the House of Representatives shall be referred to the Committee on Rules, which must report it within five calendar days during which the House is in session. The Committee on Rules has the jurisdiction to report a budget resolution with an amendment to strike or change the provision affecting the rules.

(d) Views and Estimates of Other Committees. This subsection requires each standing committee of the House or of the Senate to submit its views and estimates, with regard to any matter in the budget resolution relating to its jurisdiction, to its budget committee by February 25. All other committees of the House or of the Senate, and all joint committees may also submit such views and estimates. The Joint Economic Committee is required to submit fiscal policy recommendations to both budget committees for achieving the goals of the Employment Act of 1946.

(e) Hearings and Report. This subsection requires the budget committee of each House to hold hearings and receive testimony from Members of Congress and appropriate representatives of Federal departments and agencies, the general public, and national organizations. A budget resolution report must include a comparison of the budget aggregates recommended in the budget resolution with those requested by the President, a controllability analysis for each functional category, an allocation of total revenues among major sources, a statement of economic assumptions and objectives, five year projections, a tax expenditures budget, an analysis of Federal assistance to State and local governments, a comparison of different forms of Federal commitment by functional category, and information on how the committee determined the content of the budget resolution. This subsection also permits the deliberations of the budget committees to include the recommendations of the Joint 'Economic Committee, and provides that the reports of the budget committees may include other matters than those required and listed above.

(f) Achievement of Goals for Reducing Unemployment. This subsection provides that if an Economic Report of the President recommends that the unemployment goals of the Employment Act of 1946 be achieved after the deadline set by that Act, then the Congress may put in a budget resolution the year by which it believes the unemployment goals can be achieved. If an Economic Report subsequently is submitted by a President recommending a year different from the one Congress stated for achieving the unemployment goals of the Act, then Congress may put in subsequent budget resolutions the year by which it believes the goals can be achieved. The year set forth in a budget resolution cannot be changed by amendment unless the amendment also includes changes in the appropriate levels of the budget resolution consistent with the year in the amendment for achieving the unemployment goals.

(g) Common Economic Assumptions. This subsection requires the joint explanatory statement accompanying a conference report on a budget resolution to include a statement of the common economic assumptions on which it is based.

Section 302. Committee Allocations

(a) Allocation for Discretionary Action. This subsection provides that, for purposes of controlling congressional action, reports and conference reports on budget resolutions shall include an allocation for discretionary action to each committe of the House and Senate with jurisdiction over bills and resolutions that would implement such action. Each control allocation would cover either the budget year, the total of the budget year and the ensuing fiscal year, or the total of the budget year and the two ensuing fiscal years, and could include new budget authority, new spending authority, new credit authority or changes in revenues or tax expenditures (excluding the effect of changes in tax rates).

(b) Reports by Committees. This subsection requires the appropriations committees, as soon as practicable after Congress adopts a conference report on a budget resolution, to consult and then subdivide the allocation for discretionary action among their respective subcommittees. Other committees for the House and Senate

shall consult their appropriate counterparts and subdivide their respective allocations (except those for revenues and tax expenditures) among programs or subcommittees. Each committee receiving an allocation for discretionary action shall promptly report its subdivisions to its House.

(c) Legislation Subject to Point of Order. This subsection prohibits consideration of any bill, resolution, amendment, or conference report providing new budget authority, new entitlement authority, or new credit authority until the committee of jurisdiction submits to its House the subdivisions required under section 302(b).

(d) Subsequent Concurrent Resolution. This subsection provides that in the case of any subsequent budget resolution the allocations and subdivisions described in subsections (a) and (b) are required only to the extent necessary to cover revisions in such subsequent budget resolution for a fiscal year.

(e) Division of Budget Totals Among Commitees. This subsection requires for informational purposes that reports and conference reports on budget resolutions include a distribution of total new budget authority, total budget outlays and total new credit authority among committees of the House and the Senate with jurisdiction over such authorities.

Section 303. Concurrent Resolution on the Budget Must be Adopted Before Legislation Providing New Budget Authority, New Spending Authority, New Credit Authority, or Changes in Revenues or the Public Debt Limit is Considered

(a) In General. This subsection prohibits consideration in either House of any bill, resolution or amendment providing new budget authority, new credit authority, entitlement authority, or providing for increases or decreases in revenues or the public debt, until the budget resolution for the fiscal year involved has been adopted by Congress.

(b) Exceptions. This subsection provides an exception from this prohibition for legislation that provides new budget authority or that changes revenues in fiscal years subsequent to the budget year.

(c) Waiver in the Senate. This subsection provides the same waiver language that was included in the Congressional Budget Act of 1974 to handle Senate waivers of section 303(a). It is anticipated that the Senate will review this subsection during its consideration of this legislation.

Section 304. Permissible Revisions of Concurrent Resolutions on the Budget

This section provides that Congress may adopt revisions to a budget resolution for a fiscal year at any time after the annual budget resolution required by section 301 is adopted, and before the close of the fiscal year to which that budget resolution relates.

Section 305. Provisions Relating to the Consideration of Concurrent Resolutions on the Budget

(a) Procedure in House of Representatives after Report of Committee; Debate. This subsection establishes the procedure for consideration of budget resolutions in the House of Representatives. Floor

consideration may begin after the budget Committee report has been available to Members for five days (excluding Saturdays Sundays, and legal holidays); and, if applicable, floor consideration may begin after a Rules Committee report [pursuant to section 301(c)] has been available to Members for one day (excluding Saturdays, Sundays, and legal holidays). General debate is limited to ten hours equally divided, and, in addition, there is up to four hours debate available on economic goals and policies. The budget resolution is considered in the Committee of the Whole and read for amendment under the five-minute rule. If, pursuant to section 301(f), a budget resolution includes economic goals, then an amendment changing those economic goals and the appropriate levels in the budget resolution necessary to achieve the goals of the amendment is in order. After the Committee of the Whole has reported, it is in order to adopt an amendment to achieve mathematical consistency in the budget resolution. Debate on a conference report is limited to five hours equally divided.

(b) Procedure in Senate After Report of Committee; Debate; Amendments. This subsection establishing procedures for consideration of budget resolutions in the Senate is identical to the language included in the Congressional Budget Act of 1974 for this purpose. It is anticipated that the Senate Will review this subsection during its consideration of this legislation.

(c) Consideration of Procedures or Matters Which Have the Effect of Changing Any Rule of the House of Representatives. This subsection establishes procedures to ensure that any matter or procedure contained in a conference report on a budget resolution that has the effect of changing any rule of the House of Representatives, and that was not included in the budget resolution as passed by the House, may be subject to a motion to reject such matter or procedure. A motion to reject is debatable for forty minutes, equally divided between those in favor and those in opposition.

(d) Action on Conference Reports in the Senate. This subsection establishing procedures for consideration of conference reports on a budget resolution in the Senate is identical to the language included in the Congressional Budget Act of 1974 for this purpose. It is anticipated that the Senate will review this subsection during its consideration of this legislation.

(e) Required Action by Conference Committee. This subsection provides that if the House and Senate conferees are unable to agree on a budget resolution after seven days, they shall report to their respective Houses on all matters in agreement or in disagreement.

(f) Concurrent Resolution Must Be Consistent in the Senate. This subsection requiring mathematical consistency of budget resolutions and conference reports on budget resolutions is identical to the language included in the Congressional Budget Act of 1974 for this purpose. It is anticipated that the Senate will review this subsection during its consideration of this legislation.

Section 306. Legislation Dealing with Congressional Budget Must Be Handled by Budget Committees

This section provides that a matter within the jurisdiction of a Budget Committee may be considered only if it has been reported by that committee, or if it is an amendment to a bill or resolution reported by that committee, or if that committee has been discharged from its consideration.

Section 307. House Committee Action on All Appropriation Bills to be Completed by June 10

This section requires all regular appropriations bills for the upcoming fiscal year to be reported by the House Committee on Appropriations by June 10.

Section 308. Reports, Summaries, and Projections of Congressional Budget Actions

(a) Reports on Legislation Providing New Budget Authority, New Spending Authority, New Credit Authority, or Providing an Increase or Decrease in Revenues or Tax Expenditures. This subsection provides that any report filed in either House providing new budget authority, new spending authority, new credit authority, or providing for an increase or decrease in revenues or tax expenditures shall include the following information prepared after consultation with the Director of the Congressional Budget Office: a comparison of the discretionary action levels in the measure with the comparable control levels included in section 302 reports submitted pursuant to the latest budget resolution; an estimate of outlays expected to result from the measure; an identification and justification of any new spending authority described by section 401(c)(2); a Congressional Budget Office five year projection of how the measure will affect levels of comparable authority available under existing law; and a statement of new budget authority for assistance to State and local governments. This subsection also requires a committee of either House to make identical information available to Members at least two hours prior to consideration of a conference report on such legislation.

(b) Up-to-Date Tabulations of Congressional Budget Actions. This subsection requires the Congressional Budget Office to issue monthly budget status reports to the committees of the House and the Senate on measures providing new budget authority, new spending authority, new credit authority, and making changes in revenues or tax expenditures. These reports shall include comparisons of aggregate and functional levels included in the latest budget resolution and allocations for discretionary action made under section 302 pursuant to the latest budget resolution, with levels provided in bills and resolutions reported by committee or adopted by either House or by the Congress.

(c) Five-Year Projection of Congressional Budget Action. This subsection requires the Congressional Budget Office to issue at the start of each fiscal year a report projecting for each of the next five years new budget authority, outlays, revenues and their major sources, the surplus or deficit, tax expenditures, entitlement authority and credit authority.

Section 309. Approval of Regular Appropriation Bills

(a) Approval by the House. This subsection prohibits consideration of an Independence Day District Work Period resolution until the House has approved all the regular appropriations bills for the upcoming fiscal year.

(b) Approval by the Senate. This subsection requires the Senate to approve all regular appropriations bills for the upcoming fiscal year by August 15.

Section 310. Reconciliation

(a) Inclusion of Reconciliation Directives in Concurrent Resolutions on the Budget. This subsection permits any budget resolution to direct a committee to recommend legislation to achieve specified changes in the amount of budget authority, spending authority, credit authority, revenues, or tax expenditures (excluding the effect of changes in tax rates) provided by laws within its jurisdiction for the budget year, or to achieve specified changes for the total of the budget year and the ensuing fiscal year or for the total of the budget year and the two ensuing fiscal years.

(b) Legislative Procedure. If the changes specified by the budget resolution are within the jurisdiction of any one committee in either House, each such committee shall promptly report a reconciliation bill or resolution to its House. If more than one committee in either House has been directed to make changes in matters within its jurisdiction, then all such committees shall submit their recommendations to the Budget Committee of their House. The Budget Committee then shall report the reconciliation legislation, without substantive change.

(c) Reconciliation Not Applicable to Changes in Levels of Authorization to Enact Budget Authority. This subsection prohibits directives in budget resolutions to committees to change authorizations for appropriations.

(d) Procedure in the House of Representatives. This subsection permits the Rules Committee to make in order amendments to reconciliation legislation to achieve a reconciliation directive, if a committee fails to submit legislation pursuant to the budget resolution directive.

(e) Procedure in the Senate. This subsection establishing procedures for Senate consideration of reconciliation measures is identical to the language included in the Congressional Budget Act of 1974 for this purpose. It is anticipated that the Senate will review this subsection during its consideration of this legislation.

(f) Completion of Reconciliation Process in the House of Representatives and in the Senate. This subsection prohibits the House from considering a resolution providing for the Independence Day District Work Period until the House has completed action on reconciliation legislation for the upcoming fiscal year. The Senate is required to complete consideration of reconciliation legislation by August 15.

Section 311. New Budget Authority, New Spending Authority, New Credit Authority, and Revenue Legislation Must be Within Appropriate Levels

(a) Legislation Subject to Point of Order. This subsection prohibits consideration in the House or the Senate of legislation providing budget authority, spending authority, or credit authority, or reducing revenues for the budget year, if enactment of such legislation would cause the totals for such authorities, or for revenues, or the

total for budget outlays set forth in the most recently enacted budget resolution to be breached.

(b) Exception. This subsection provides that the point of order established by subsection (a) shall not apply to legislation within the jurisdiction of a committee, if that legislation would not cause the committee's allocation for discretionary action to be breached.

(c) Determination of Budget Levels. This subsection provides that estimates prepared by the Budget Committee of the appropriate House shall be the basis for determining whether legislation is subject to the point of order established by subsection (a).

Section 312. Committee Allocation Controls

(a) Legislation Subject to Point of Order. This subsection prohibits consideration in the House or the Senate of legislation providing budget authority, spending authority, credit authority, reducing revenues or increasing tax expenditures for the budget year, if enactment of such legislation would breach the allocation for discretionary action for these authorities for the committee of jurisdiction.

(b) Determination of Budget Levels. This subsection provides that estimates prepared by the Budget Committee of the appropriate house shall be the basis for determining whether legislation is subject to the point of order established by subsection (a).

TITLE II—AMENDMENTS TO TITLE IV OF THE CONGRESSIONAL BUDGET ACT OF 1974

Section 201. A New Spending Authority

Subsection (a) amends the heading of section 410(a) of the Congressional Budget Act of 1974 to read: "Controls on Legislation Providing Contract or Borrowing Authority," and it makes the section applicable to conference reports as well as bills and resolutions.

Subsection (b) strikes the language of section 401(b) of the Congressional Budget Act and substitutes a new control provision. The new subsection prohibits consideration of any provision of legislation that provides monetary credits or residual spending authority (described by subparagraphs 401(c)(2)(D) & (E) of the Congressional Budget Act as amended by this Act) unless that provision also limits the use of authority to the extent provided in appropriation Acts.

Subsection (c) makes the effective date of the two forms of new spending authority described by subsection (d), which follows, the same date on which subsection (d) becomes effective.

Subsection (d) describes two new forms of spending authority. The first, described in a new section 401 (c)(2)(D) of the Congressional Budget Act, is monetary credits, that is authority to forego collection of proprietary offsetting receipts which is not provided in advance by appropriation Acts. The second, described in a new section 401(c)(2)(E) of the Congressional Budget Act, is residual spending authority, that is, all forms of spending authority for the United States Government to make payments other than those already described by the Congressional Budget Act (contract authority, borrowing authority, entitlement authority, monetary credits), and other than authority by appropriation Acts.

Subsection (e) establishes a new subsection 401(e) of the Congressional Budget Act, which provides that estimates of new entitlement authority for a fiscal year shall be based on a cost estimate of changes from current law at the time the legislation providing the new entitlement authority is considered.

Section 202. Credit Authority

This section amends Section 402 of the Budget Act to prohibit consideration of legislation providing authority to incur new direct loan obligations or new primary loan guarantee commitments unless that legislation also limits the use of such authority to the extent provided in appropriation Acts. This provision affects legislation considered after the date on which this section becomes effective. This section also defines for purposes of the Act the terms "new credit authority" and "credit authority."

Section 203. Description by Congressional Budget Office

This section amends section 403 of the Congressional Budget Act to require the Congressional Budget Office to provide along with its cost estimate of legislation to be reported a description of each method for establishing a Federal financial commitment contained in that legislation.

Section 204. General Accounting Office Study

This section amends title IV of the Congressional Budget Act by adding the following three new sections:

Section 405 of the Congressional Budget Act. Study by the General Accounting Office of Forms of Federal Financial Commitment that Are Not Reviewed Annually by Congress

This section requires the General Accounting Office to study all provisions of law providing spending authority described by section 401(c)(2) of the Congressional Budget Act (contract authority, borrowing authority, entitlement authority, monetary credits, and residual authority) and report to Congress its recommendations on the appropriate form of financing for all programs and activities financed by these provisions. The report is due eighteen months from the effective date of this section and shall be revised from time to time.

Section 406 of the Congressional Budget Act. Off-Budget Agencies, Programs and Activities

Subsection (a) requires the budgetary activities of the following agencies to be included in the totals of the budget submitted by the President and considered by Congress: the Federal Financing Bank, the Rural Electrification Administration and Rural Telephone Bank, the Strategic Petroleum Reserve Account, the United States Synthetic Fuels Corporation, the United States Railway Association, the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, and the Health Federal Hospital Insurance Trust Fund.

Subsection (b) assigns resulting budget outlays to the Federal agency responsible for originating credit authority which is then financed by the Federal Financing Bank.

Subsection (c) provides that reported legislation that removes a department, agency, program, or activity from the totals of the budget submitted by the President or considered by the Congress shall be referred to the Committee on Government Operations, which shall have jurisdiction to report the legislation with an amendment to strike or amend the provisions having this effect.

Section 407 of the Congressional Budget Act. Member User Group

This section requires the Speaker, after consulting with the Minority Leader, to appoint a Member User Group, which shall review the scorekeeping rules and practices of the House and report to the Speaker from time to time on their effect and impact. It also provides that estimates made by the House Budget Committee under section 311 and 312 shall be made in accordance with these scorekeeping rules and practices.

TITLE III—ADDITIONAL PROVISIONS TO IMPROVE BUDGET PROCEDURES

Section 301. Definitions

Subsection (a) amends section 3 of the Congressional Budget Act to include in the definition of budget authority the authority to collect offsetting receipts.

Subsection (b) adds to section 3 of the Congressional Budget Act two new definitions. A new paragraph 6 defines "allocation for discretionary action" to mean an amount for control of congressional action covering new budget authority (excluding budget authority to cover entitlement authority in the case of the Committee on Appropriations), new credit authority, new spending authority, new direct loan obligations, new primary loan guarantee commitments, and covering changes in revenues and tax expenditures (excluding the effect of changes in tax rates). A new paragraph 7 defines new spending authority described by section 401(c)(2)(C) of the Congressional Budget Act to be "entitlement authority."

Section 302. Congressional Budget Office

Subsection (a) amends section 201(a)(2) of the Congressional Budget Act to provide for the Speaker and the President pro tempore of the Senate to consider recommendations of committees of the respective Houses prior to appointing the Director of the Congressional Budget Office.

Subsection (b) amends section 202(f)(1) of the Congressional Budget Act to require submission of the annual CBO report to the Budget Committees by February 15 of each year.

Subsection (c) amends Section 202(f) of the Congressional Budget Act by adding paragraphs (3) and (4). Paragraph (3) requires the Director to submit to the Congress by the first Monday after January 3 a report listing all programs and activities lacking authorizations for appropriations in the upcoming budget year. Paragraph (4) sets forth the requirement that baseline projections for permanent authority assume current laws continue unchanged and that baseline projections for all discretionary appropriations assume continuation of current year funding with an adjustment for inflation

Subsection (d) adds subsection (h) and (i) to section 202 of the Congressional Budget Act. Subsection (h) requires the Director to conduct studies to enhance comparisons of budget outlays, credit authority, and tax expenditures. Subsection (i) requires the Director, after consultation with the Joint Committee on Taxation, to submit to the Congress by February 15 of each year an inventory of tax expenditures, which shall be regarded as tax expenditures for the purpose of the Congressional Budget Act.

Section 303. Current Services Budget

This section amends section 605(a) of the Congressional Budget Act to require the President to submit a current services budget concurrently with the annual budget submission on the first Monday following January 3 of each year.

Section 304. Study of Off-Budget Agencies

This section repeals section 606 of the Congressional Budget Act, which requires the Budget Committee to study provisions of law establishing off-budget status for agencies and to report recommendations to their respective House from time to time.

Section 305. Changes in Functional Categories

This section amends section 802 of the Congressional Budget Act by providing that House and Senate committees shall receive prompt notification of changes in functional categories.

Section 306. Jurisdiction of Committee on Government Operations

This section changes House rules to conform to the amended section 406 of the Congressional Budget Act, which provides for referral to the Government Operations Committee of Legislation establishing off-budget status for Departments and agencies.

Section 307. Continuing Study of Congressional Budget Process

This section amends House rules to provide for the Rules Committee to study the congressional budget process and report its findings and recommendations to the House from time to time.

Section 308. Early Election of Committees of the House

This section requires the election of committees of the House within 7 calendar days after a new Congress convenes, however, it does not impede consideration of recommendations by party caucuses to change the composition of standing committees.

Section 309. Rescissions and Transfers in Appropriations Bills

This section amends the House rules to permit consideration of appropriations bills containing rescessions of appropriations and transfers of unexpended balances within the department or agency for which they were originally appropriated.

Section 310. Limitations on Use of Suspensions in the House

This section amends the House rules by adding a two-part clause limiting the kinds of legislation that may be considered under suspension of the rules. Paragraph (a) prohibits consideration of legislation providing new budget authority, entitlement authority, credit authority, or changing revenues or tax expenditures in an amount exceeding $10,000,000. Amounts provided in legislation shall be determined on the basis of Budget Committee estimates.

Paragraph (b) prohibits consideration under suspension of legislation providing borrowing authority, contract authority, monetary credits, or residual spending authority as described by section 401(c)(2) of the Congressional Budget Act.

TITLE IV—AMENDMENTS TO SUBTITLE II OF TITLE 31, UNITED STATES CODE

Section 401. Submission of President's Budget

Subsection (a) requires submission of the President's Budget by the first Monday after January 3 of each year.

Subsection (b) requires submission of language necessary to implement proposals affecting revenues and entitlements within two weeks of the budget submission.

Section 402. Supplemental Budget Estimates and Changes

This section repeals the United States Code requirement for submission by the President of budget reestimates by April 10 of each year.

Section 403. Current Services Budget

This section amends the U.S. Code to require the President to submit a current services budget concurrently with the annual budget submission on the first Monday following January 3 of each year.

TITLE V—TECHNICAL AND CONFORMING AMENDMENTS

This title includes miscellaneous provisions making changes in the Congressional Budget Act and the House Rules to conform with the provisions of this Act.

TITLE VI—EFFECTIVE DATE

Section 601. Effective Date

This section makes the provisions of the Act effective at noon January 3, 1985 and requires them to be reflected in the Fiscal Year 1986 Budget submitted by the President in January 1985.

VI

98TH CONGRESS
2D SESSION

H. R. 5247

To amend the Congressional Budget Act of 1974 to improve the congressional budget process, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 27, 1984

Mr. BEILENSON (for himself, Mr. FROST, Mr. BONIOR of Michigan, Mr. HALL of Ohio, Mr. PANETTA, Mr. GEPHARDT, Mr. ASPIN, Mr. MURTHA, Mr. DICKS, and Mr. PENNY) introduced the following bill; which was referred jointly to the Committees on Rules and Government Operations

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A BILL

To amend the Congressional Budget Act of 1974 to improve the congressional budget process, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Congressional Budget Act Amendments of 1984".

TITLE I—CONGRESSIONAL BUDGET PROCESS

SEC. 101. Title III of the Congressional Budget Act of 1974 is amended to read as follows:

“TITLE III—CONGRESSIONAL BUDGET PROCESS

“TIMETABLE

“Sec. 300. The timetable with respect to the congressional budget process for any fiscal year is as follows:

“On or before:	Action to be completed:
First Monday after January 3	President submits his budget.
February 15	Congressional Budget Office submits report to Budget Committees.
February 25	Committees submit views and estimates to Budget Committees.
April 15	Congress completes action on concurrent resolution on the budget.
June 10	House Appropriations Committee reports last regular appropriation bill.
June 30	House completes action on regular appropriation bills and reconciliation legislation.
August 15	Senate completes action on regular appropriation bills and reconciliation legislation.
October 1	Fiscal year begins.

“ANNUAL ADOPTION OF CONCURRENT RESOLUTION ON THE BUDGET

“Sec. 301. (a) Content of Concurrent Resolution on the Budget.—On or before April 15 of each year, the Congress shall complete action on a concurrent resolution on the budget for the fiscal year beginning on October 1 of such year. The concurrent resolution shall set forth appropriate levels for the fiscal year beginning on October 1 of such year, and planning levels for each of the two ensuing fiscal years, for the following—

“(1) totals of new budget authority, budget outlays, entitlement authority, direct loan obligations, and primary loan guarantee commitments;

"(2) total Federal revenues and the amount, if any, by which the aggregate level of Federal revenues should be increased or decreased by bills and resolutions to be reported by the appropriate committees; and the amount (excluding the effect of changes in tax rates under existing law), if any, by which the aggregate level of tax expenditures should be increased or decreased by bills and resolutions to be reported by the appropriate committees;

"(3) the surplus or the deficit in the budget;

"(4) new budget authority, budget outlays, entitlement authority, direct loan obligations, and primary loan guarantee commitments for each major functional category, based on allocations of the total levels set forth pursuant to paragraph (1); and

"(5) the public debt.

"(b) ADDITIONAL MATTERS IN CONCURRENT RESOLUTION.—The concurrent resolution on the budget may—

"(1) set forth, if required by subsection (f), the calendar year in which, in the opinion of the Congress, the goals for reducing unemployment set forth in section 4(b) of the Employment Act of 1946 should be achieved;

"(2) include the reconciliation directives described in section 310; and

"(3) set forth such other matters, and require such other procedures, relating to the budget as may be appropriate to carry out the purposes of this Act.

"(c) CONSIDERATION OF PROCEDURES OR MATTERS WHICH HAVE THE EFFECT OF CHANGING ANY RULE OF THE HOUSE OF REPRESENTATIVES.—If the Committee on the Budget of the House of Representatives reports any concurrent resolution on the budget which includes any procedure or matter under subsection (b)(3) which has the effect of changing any rule of the House of Representatives, such concurrent resolution shall then be referred to the Committee on Rules with instructions to report it within five calendar days (not counting any day on which the House is not in session). The Committee on Rules shall have the jurisdiction to report any concurrent resolution referred to it under this paragraph with an amendment or amendments which change or strike out any such procedure or matter.

"(d) VIEWS AND ESTIMATES OF OTHER COMMITTEES.—On or before February 25 of each year, each standing committee of the House of Representatives shall submit to the Committee on the Budget of the House and each standing committee of the Senate shall submit to the Committee on the Budget of the Senate its views and estimates (as determined by the committee making such submission) with respect to all matters set forth in subsections (a) and (b) which relate to matters within the jurisdiction or functions of such committee. The Joint Economic Committee shall submit to the Committees on the Budget of both Houses its recommendations as to the fiscal policy appropriate to the goals of the Employment Act of 1946. Any other committee of the House or Senate may submit to the Committee on the Budget of its House, and any joint committee of the Congress may submit to the Committees on the Budget of both Houses, its views and estimates with respect to all matters set forth in subsections (a) and (b) which relate to matters within its jurisdiction or functions.

"(e) HEARINGS AND REPORT.—In developing the concurrent resolution on the budget referred to in subsection (a) for each fiscal year, the Committee on the Budget of each House shall hold hearings and shall receive testimony from Members of Congress and such appropriate representatives of Federal departments and agencies, the general public, and national organizations as the committee deems desirable. Each of the recommendations as to short-term and medium-term goals set forth in the report submitted by the members of the Joint Economic Committee under subsection (d) may be considered by the Committee on the Budget of each House as part of its consideration of such concurrent resolution, and its report may reflect its views thereon, and on how the estimates of revenues and levels of budget authority and outlays set forth in such concurrent resolution are designed to achieve any goals it is recommending. The report accompanying such concurrent resolution shall include, but not be limited to—

"(1) a comparison of revenues estimated by the committee with those estimated in the budget submitted by the President;

"(2) a comparison of the appropriate levels of total budget outlays and total new budget authority, total direct loan obligations, total primary loan guarantee commitments, and total entitlement authority, as set forth in such concurrent resolution, with those estimated and requested in the budget submitted by the President;

"(3) with respect to each major functional category, an estimate of budget outlays and an appropriate level of new budget authority for all proposed programs and for all existing programs (including renewals thereof), with the estimate and level for existing programs being divided between permanent authority and funds provided in appropriation Acts, and each such division being subdivided between controllable amounts and all other amounts;

"(4) an allocation of the level of Federal revenues recommended in the concurrent resolution among the major sources of such revenues;

"(5) the economic assumptions and objectives which underlie each of the matters set forth in such concurrent resolution and alternative economic assumptions and objectives which the committee considered;

"(6) projections, not limited to the following, for the period of five fiscal years beginning with such fiscal year of the estimated levels of total budget outlays, total new budget authority, the estimated revenues to be received, and the estimated surplus or deficit, if any, for each fiscal year in such period, and the estimated levels of tax expenditures (the tax expenditures budget) by major functional categories;

"(7) a statement of any significant changes in the proposed levels of Federal assistance to State and local governments;

"(8) a comparison of Federal priorities by functional category including budget authority and outlays, direct loan obligations and primary loan guarantee commitments, and tax expenditures; and

"(9) information, data, and comparisons indicating the manner in which, and the basis on which, the committee determined each of the matters set forth in the concurrent resolution.

"(f) ACHIEVEMENT OF GOALS FOR REDUCING UNEMPLOYMENT.—

"(1) If, pursuant to section 4(c) of the Employment Act of 1946, the President recommends in the Economic Report that the goals for reducing unemployment set forth in section 4(b) of such Act be achieved in a year after the close of the five-year period prescribed by such subsection, the concurrent resolution on the budget for the fiscal year beginning after the date on which such Economic Report is received by the Congress may set forth the year in which, in the opinion of the Congress, such goals can be achieved.

"(2) After the Congress has expressed its opinion pursuant to paragraph (1) as to the year in which the goals for reducing unemployment set forth in section 4(b) of the Employment Act of 1946, can be achieved, if, pursuant to section 4(e) of such Act, the President recommends in the Economic Report that such goals be achieved in a year which is different from the year in which the Congress has expressed its opinion that such goals should be achieved, either in its action pursuant to paragraph (1) or in its most recent action pursuant to this paragraph, the concurrent resolution on the budget for the fiscal year beginning after the date on which such Economic Report is received by the Congress may set forth the year in which, in the opinion of the Congress, such goals can be achieved.

"(3) It shall be in order to amend the provision of such resolution setting forth such year only if the amendment thereto also proposes to alter the estimates, amounts, and levels (as described in subsection (a)) set forth in such resolution in germane fashion in order to be consistent with the economic goals (as described in sections 3(a)(2) and 4(b) of the Employment Act of 1946) which such amendment proposes can be achieved by the year specified in such amendment.

"(g) COMMON ECONOMIC ASSUMPTIONS.—The joint explanatory statement accompanying a conference report on a concurrent resolution on the budget shall set forth the common economic assumptions upon which such joint statement and conference report are based.

"COMMITTEE ALLOCATIONS

"SEC. 302. (a) ALLOCATION FOR DISCRETIONARY ACTION.—For purposes of controlling congressional action as described by sections 311 and 312, the report accompanying a concurrent resolution on the budget for a fiscal year and the joint explanatory statement accompanying a conference report on a concurrent resolution on the budget for a fiscal year shall include an allocation for discretionary action for such fiscal year, or for the total of such fiscal year and the ensuing fiscal year, or for the total for such fiscal ye and each of the two ensuing years, based upon such concurrent resolution as reported or as recommended in such conference report, of new budget authority (excluding such authority to cover entitlement authority in the case of the Committee on Appropriations), new spending authority as described in section 401(c)(2), revenues, tax expenditures (excluding the effect of changes in tax rates under existing law), new direct loan obligations and new primary loan guarantee commitments to each committee of the House of Representatives and the Senate which has jurisdiction over bills and resolutions that would implement such action.

"(b) REPORTS BY COMMITTEES.—As soon as practicable after a conference report on a concurrent resolution on the budget is agreed to—

"(1) the Committee on Appropriations of each House shall, after consulting with the Committee on Appropriations of the other House, subdivide among its subcommittees the allocation for discretionary action allocated to it in the joint explanatory statement accompanying the conference report on such concurrent resolution; and

"(2) every other committee of the House and Senate to which an allocation for discretionary action was made in such joint explanatory statement shall (except in the case of allocations for revenues and tax expenditures), after consulting with the committee or committees of the other House to which all or part of its allocation was made, subdivide its allocation among its subcommittees or among programs over which it has jurisdiction.

Each such committee shall promptly report to its House the subdivisions made by it pursuant to this subsection only if it is given a discretionary action allocation in the joint explanatory statement accompanying the conference report on such concurrent resolution.

"(c) LEGISLATION SUBJECT TO POINT OF ORDER.—It shall not be in order in the House of Representatives or the Senate to consider any bill, resolution, amendment, or conference report providing budget authority, spending authority as described in section 401(c)(2), or credit authority within the jurisdiction of any committee until such committee reports to the House the subdivisions required by subsection (b) for the applicable year in connection with the most recently agreed to concurrent resolution on the budget.

"(d) SUBSEQUENT CONCURRENT RESOLUTIONS.—In the case of a concurrent resolution on the budget referred to in section 304, the allocations under subsection (a) and the subdivisions under subsection (b) shall be required only to the extent necessary to take into account revisions made in the most recently agreed to concurrent resolution on the budget.

"(e) DIVISION OF BUDGET TOTALS AMONG COMMITTEES.—For purposes of information, the report accompanying a concurrent resolution on the budget and the joint explanatory statement accompanying a conference report on a concurrent resolution on the budget shall include an estimated division, based upon such concurrent resolution recommended in such report or in such conference report of the appropriate levels of total budget outlays, total new budget authority, total direct loan obligations, and total primary loan guarantee commitments among each committee of the House of Representatives and the Senate which has jurisdiction over such authorities.

"CONCURRENT RESOLUTION ON THE BUDGET MUST BE ADOPTED BEFORE LEGISLATION PROVIDING NEW BUDGET AUTHORITY, NEW SPENDING AUTHORITY, NEW CREDIT AUTHORITY OR CHANGES IN REVENUES OR THE PUBLIC DEBT LIMIT IS CONSIDERED

"SEC. 303. (a) IN GENERAL.—It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution (or amendment thereto) as reported to the House or Senate which provides—

"(1) new budget authority for a fiscal year;

"(2) an increase or decrease in revenues to become effective during a fiscal year;

"(3) an increase or decrease in the public debt limit to become effective during a fiscal year;

"(4) new spending authority described in section 401(c)(2) to become effective during a fiscal year; or

"(5) new credit authority for a fiscal year;

until the concurrent resolution on the budget for such fiscal year has been agreed to pursuant to section 301.

"(b) EXCEPTIONS.—Subsection (a) does not apply to any bill or resolution (or amendment thereto) which—

"(1) provides new budget authority which first becomes effective in the second fiscal year (or any fiscal year after the second fiscal year) following the fiscal year in which the bill or resolution (or amendment thereto) is to be considered by the House or Senate; or

"(2) provides for increases or decreases in revenues which first become effective in the second fiscal year (or any fiscal year after the second fiscal year) following the fiscal year in which the bill or resolution (or amendment thereto) is to be considered by the House or Senate.

"(c) WAIVER IN THE SENATE.—

"(1) The committee of the Senate which reports any bill or resolution (or amendment thereto) to which subsection (a) applies may at or after the time it reports such bill or resolution (or amendment thereto), report a resolution to the Senate (A) providing for the waiver of subsection (a) with respect to such bill or resolution (or amendment thereto), and (B) stating the reasons why the waiver is necessary. The resolution shall then be referred to the Committee on the Budget of the Senate. That committee shall report the resolution to the Senate within 10 days after the resolution is referred to it (not counting any day on which the Senate is not in session) beginning with the day following the day on which it is so referred, accompanied by that committee's recommendations and reasons for such recommendations with respect to the resolution. If the committee does not report the resolution within such 10-day period, it shall automatically be discharged from further consideration of the resolution and the resolution shall be placed on the calendar.

"(2) During the consideration of any such resolution, debate shall be limited to one hour, to be equally divided between, and controlled by, the majority leader and minority leader or their designees, and the time on any debatable motion or appeal shall be limited to twenty minutes, to be equally divided between, and controlled by, the mover and the manager of the resolution. In the event the manager of the resolution is in favor of any such motion or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from the time under their control on the passage of such resolution, allot additional time to any Senator during the consideration of any debatable motion or appeal. No amendment to the resolution is in order.

"(3) If, after the Committee on the Budget has reported (or been discharged from further consideration of) the resolution, the Senate agrees to the resolution, then subsection (a) shall not apply with respect to the bill or resolution (or amendment thereto) to which the resolution so agreed to applies.

"PERMISSIBLE REVISIONS OF CONCURRENT RESOLUTIONS ON THE BUDGET

"SEC. 304. SUBSEQUENT CONCURRENT RESOLUTIONS.—At any time after the concurrent resolution on the budget for a fiscal year has been agreed to pursuant to section 301, and before the end of such fiscal year, the two Houses may adopt a concurrent resolution on the budget which revises the concurrent resolution on the budget for such fiscal year most recently agreed to.

"PROVISIONS RELATING TO THE CONSIDERATION OF CONCURRENT RESOLUTIONS ON THE BUDGET

"SEC. 305. (a) PROCEDURE IN HOUSE OF REPRESENTATIVES AFTER REPORT OF COMMITTEE; DEBATE.—

"(1) When the Committee on the Budget of the House has reported any concurrent resolution on the budget, it is in order at any time after the fifth day (excluding Saturdays, Sundays, and legal holidays) following the day on which the report upon such resolution by the Committee on the Budget has been available to Members of the House and, if applicable, after the first day (excluding Saturdays, Sundays, and legal holidays) following the day on which a report upon such resolution by the Committee on Rules pursuant to section 301(c) has been made available to Members of the House (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the concurrent resolution. The motion is highly privileged and is not debatable. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

"(2) General debate on any concurrent resolution on the budget in the House of Representatives shall be limited to not more than 10 hours, which shall be divided equally between the majority and minority parties, plus such additional hours of debate as are consumed pursuant to paragraph (3). A motion further to limit debate is not debatable. A motion to recommit the concurrent resolution is not in order, and it is not in order to move to reconsider the vote by which the concurrent resolution is agreed to or disagreed to.

"(3) Following the presentation of opening statements on the concurrent resolution on the budget for a fiscal year by the chairman and ranking minority member of the Committee on the Budget of the House, there shall be a period of up to four hours for debate on economic goals and policies.

"(4) Only if a concurrent resolution on the budget reported by the Committee on the Budget of the House sets forth the economic goals (as described in sections 3(a)(2) and 4(b) of the Full Employment Act of 1946) which the estimates, amounts, and levels (as described in section 301(a)) set forth in such resolution are designed to achieve, shall it be in order to offer to such resolution an amendment relating to such goals, and such amendment shall be in order only if it also proposes to alter such estimates, amounts, and levels in germane fashion in order to be consistent with the goals proposed in such amendment.

"(5) Consideration of any concurrent resolution on the budget by the House of Representatives shall be in the Committee of the Whole, and the resolution shall be considered for amendment under the five-minute rule in accordance with the applicable provisions of rule XXIII of the Rules of the House of Representatives. After the Committee rises and reports the resolution back to the House, the previous question shall be considered as ordered on the resolution and any amendments thereto to final passage without intervening motion; except that it shall be in order at any time prior to final passage (notwithstanding any other rule or provision of law) to adopt an amendment (or a series of amendments) changing any, figure or figures in the resolution as so reported to the extent necessary to achieve mathematical consistency.

"(6) Debate in the House of Represenatives on the conference report on any concurrent resolution on the budget shall be limited to not more than 5 hours, which shall be divided equally between the majority and minority parties. A motion further to limit debate is not debatable. A motion to recommit the conference report is not in order, and it is not in order to move to reconsider the vote by which the conference report is agreed to or disagreed to.

"(7) Appeals from decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to any concurrent resolution on the budget shall be decided without debate.

"(b) PROCEDURE IN SENATE AFTER REPORT OF COMMITTEE; DEBATE; AMENDMENTS.—

"(1) Debate in the Senate on any concurrent resolution on the budget, and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than 50 hours, except that with respect to any concurrent resolution referred to in section 304(a), all such debate shall be limited to not more than 15 hours. The time shall be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

"(2) Debate in the Senate on any amendment to a concurrent resolution on the budget shall be limited to 2 hours, to be equally divided between, and controlled by, the mover and the manager of the concurrent resolution, and debate on any amendment to an amendment, debatable motion, or appeal shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the concurrent resolution, except that in the event the manager of the concurrent resolution is in favor of any such amendment, motion, or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee. No amendment that is not germane to the provisions of such concurrent resolution shall be received. Such leaders, or either of them, may, from the time under their control on the passage of the concurrent resolution, allot additional time to any Senator during the consideration of any amendment, debatable motion, or appeal.

"(3) Following the presentation of opening statements on the concurrent resolution on the budget for a fiscal year by the chairman and ranking minority member of the Committee on the Budget of the Senate, there shall be a period of up to four hours for debate on economic goals and policies.

"(4) Only if a concurrent resolution on the budget reported by the Committee on the Budget of the Senate sets forth the economic goals (as described in sections 3(a)(2) and 4(b) of the Employment Act of 1946), which the estimates, amounts, and levels (as described in section 301(a)) set forth in such resolution are designed to achieve, shall it be in order to offer to such resolution an amendment relating to such goals, and such amendment shall be in order only if it also proposes to alter such estimates, amounts, and levels in germane fashion in order to be consistent with the goals proposed in such amendment.

"(5) A motion to further limit debate is not debatable. A motion to recommit (except a motion to recommit with instructions to report back within a specified number of days, not to exceed 3, not counting any day on which the Senate is not in session) is not in order. Debate on any such motion to recommit shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the concurrent resolution.

"(6) Notwithstanding any other rule, an amendment or series of amendments to a concurrent resolution on the budget proposed in the Senate shall always be in order if such amendment or series of amendments proposes to change any figure or figures then contained in such concurrent resolution so as to make such concurrent resolution mathematically consistent or so as to maintain such consistency.

"(c) CONSIDERATION OF PROCEDURES OR MATTERS WHICH HAVE THE EFFECT OF CHANGING ANY RULE OF THE HOUSE OF REPRESENTATIVES.—

"(1)(A) With respect to any report of a committee of conference on a concurrent resolution on the budget called up before the House containing any procedure or matter under section 301(b)(3) which has the effect of changing any rule of the House of Representatives and which was not included in the measure as passed by the House, it shall be in order, at any time after the reading of the report has been completed or dispensed with and before the reading of the statement, or immediately upon consideration of a conference report if clause 2(c) of Rule XXVIII of the Rules of the House of Representatives applies, to offer a motion, which is of high privilege, that the House reject such procedure or matter. It shall be in order to debate such motion for forty minutes, one-half of such time to be given to debate in favor of, and one-half in opposition to, the motion.

"(B) Notwithstanding the final disposition of any motion made under this paragraph, it shall be in order to offer further motions to reject with respect to other procedures or matters in the report of the committee of conference not covered by any previous motion to reject.

"(C) If any such motion to reject has been adopted, after final disposition of all such motions under the preceding provisions of this paragraph, and after final disposition of all points of order and motions to reject under clause 4 of Rule XXVIII of the Rules of the House of Representatives, the conference report shall be considered as rejected and the question then pending before the House shall be—

"(i) whether to recede and concur in the Senate amendment with an amendment which shall consist of that portion of the conference report not rejected; or

"(ii) whether to insist further on the House amendment.

If all such motions to reject are defeated, then, after the allocation of time for debate on the conference report as provided in clause 2(a) of Rule XXVIII of the Rules of the House of Representatives, it shall be in order to move the previous question on the adoption of the conference report.

"(2)(A) With respect to any amendment (including an amendment in the nature of a substitute) which—

"(i) is proposed by the Senate to any concurrent resolution on the budget and thereafter—

"(I) is reported in disagreement between the two Houses by a committee of conference; or

"(II) is before the House, the stage of disagreement having been reached; and "(ii) contains any procedure or matter under section 301(b)(8) which has the effect of changing any rule of the House of Representatives and which was not included in the measure as passed the House;

it shall be in order, immediately after a motion is offered that the House recede from its disagreement to such amendment proposed by the Senate and concur therein and before debate is commenced on such motion, to offer a motion, which is of high privilege, that the House reject the procedure or matter. It shall be in order to debate such motion for forty minutes, one-half of such time to be given to debate in favor of, and one-half in opposition to, the motion.

"(B) Notwithstanding the final disposition of any motion made under subparagraph (A), it shall be in order to offer further such motions with respect to other procedures or matters in the amendment proposed by the Senate not covered by any previous motion to reject.

"(C) If any such motion to reject has been adopted, after final disposition of all motions to reject under the preceding provisions of this paragraph, and after final disposition of all points of order and motions to reject under clause 5 of Rule XXVIII of the Rules of the House of Representatives, the motion to recede and concur shall be considered as rejected, and further motions—

"(i) to recede and concur in the Senate amendment with an amendment, where appropriate (but the offering of which is not in order unless copies of the language of the Senate amendment, as proposed to be amended by such motion, are then available on the floor when such motion is offered and is under consideration);

"(ii) to insist upon disagreement to the Senate amendment and request a further conference with the Senate; and

"(iii) to insist upon disagreement to the Senate amendment;

shall remain of high privilege for consideration by the House. If all such motions to reject are defeated, then, after the allocation of time for debate on the motion to recede and concur as provided in clause 2(b) of Rule XXVIII of the Rules of the House of Representatives, it shall be in order to move the previous question on such motion.

"(D)(i) With respect to any such amendment proposed by the Senate as described in subparagraph (A)(i) of this paragraph, it shall not be in order to offer any motion that the House recede from its disagreement to such Senate amendment and concur therein with an amendment, unless copies of the language of the Senate amendment, as proposed to be amended by such motion, are then available on the floor when such motion is offered and is under consideration.

"(ii) Immediately after any such motion is offered and is in order and before debate is commenced on such motion, it shall be in order to offer a motion, which is of high privilege, that the House reject any procedure or matter under section 301(b)(3) which has the effect of changing any rule of the House of Representatives which is contained in the Senate amendment as proposed to be amended by such motion or which is contained in the proposed amendment to the Senate amendment, and which was not included in the concurrent resolution on the budget as passed by the House. It shall be in order to debate such motion for forty minutes, one-half of such time to be given to debate in favor of, and one-half in opposition to, the motion.

"(iii) Notwithstanding the final disposition of any motion under clause (ii), it shall be in order to make further such motions with respect to other procedures or matters in the language of the Senate amendment, as proposed to be amended by the motion, or in the proposed amendment to the Senate amendment, not covered by any previous motion to reject.

"(E) If any such motion to reject has been adopted, after final disposition of all motions to reject under the preceding provisions of this paragraph, and after final disposition of all points of order and motions to reject under clause 5 of Rule XXVIII of the Rules of the House of Representatives, the motion to recede and concur in the Senate amendment with an amendment shall be considered as rejected, and further motions—

"(i) to recede and concur in the Senate amendment with an amendment, where appropriate (but the offering of which is not in order unless copies of the language of the Senate amendment, as proposed to be amended by such motion, are then available on the floor when such motion is offered and is under consideration);

"(ii) to insist upon disagreement to the Senate amendment and request a further conference with the Senate; and

"(iii) to insist upon disagreement to the Senate amendment;

shall remain of high privilege for consideration by the House. If all such motions to reject are defeated, then, after the allocation of time for debate on the motion to recede and concur in the Senate amendment with an amendment as provided in clause 2(b) of Rule XXVIII of the Rules of the House of Representatives, it shall be in order to move the previous question on such motion.

"(F) If, on a division of a motion that the House recede and concur, with or without amendment, from its disagreement to any such Senate amendment as described in subparagraph (A) of this paragraph, the House agrees to recede, then, before debate is commenced on concurring in such Senate amendment, or on concurring therein with an amendment, it shall be in order to make motions to reject with respect to such Senate amendment in accordance with applicable provisions of this clause and to effect final determination of these matters in accordance with such provisions.

"(d) ACTION ON CONFERENCE REPORTS IN THE SENATE.—

"(1) The conference report on any concurrent resolution on the budget shall be in order in the Senate at any time after the third day (excluding Saturdays, Sundays, and legal holidays) following the day on which such a conference report is reported and is available to Members of the Senate. A motion to proceed to the consideration of the conference report may be made even though a previous motion to the same effect has been disagreed to.

"(2) During the consideration in the Senate of the conference report on any concurrent resolution on the budget, debate shall be limited to 10 hours, to be equally divided between them, and controlled by, the majority leader and minority leader or their designees. Debate on any debatable motion or appeal related to the conference report shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the conference report.

"(3) Should the conference report be defeated, debate on any request for a new conference and the appointment of conferees shall be limited to 1 hour, to be equally divided between, and controlled by, the manager of the conference report and the minority leader or his designee, and should any motion be made to instruct the conferees before the conferees are named, debate on such motion shall be limited to one-half hour, to be equally divided between, and controlled by, the mover and the manager of the conference report. Debate on any amendment to any such instructions shall be limited to 20 minutes, to be equally divided between and controlled by the mover and the manager of the conference report. In all cases when the manager of the conference report is in favor of any motion, appeal, or amendment, the time in opposition shall be under the control of the minority leader or his designee.

"(4) In any case in which there are amendments in disagreement, time on each amendment shall be limited to 30 minutes, to be equally divided between, and controlled by, the manager of the conference report and the minority leader or his designee. No amendment that is not germane to the provisions of such amendments shall be received.

"(e) REQUIRED ACTION BY CONFERENCE COMMITTEE.—If at the end of 7 days (excluding Saturdays, Sundays, and legal holidays) after the conferees of both Houses have been appointed to a committee of conference on a concurrent resolution on the budget, the conferees are unable to reach agreement with respect to all matters in disagreement between the two Houses, then the conferees shall submit to their respective Houses, on the first day thereafter on which their House is in session—

"(1) a conference report recommending those matters on which they have agreed and reporting in disagreement those matters on which they have not agreed; or

"(2) a conference report in disagreement, if the matter in disagreement is an amendment which strikes out the entire text of the concurrent resolution and inserts a substitute text.

"(f) CONCURRENT RESOLUTION MUST BE CONSISTENT IN THE SENATE.—It shall not be in order in the Senate to vote on the question of agreeing to—

"(1) a concurrent resolution on the budget unless the figures then contained in such resolution are mathematically consistent; or

"(2) a conference report on a concurrent resolution on the budget unless the figures contained in such resolution, as recommended in such conference report, are mathematically consistent.

"LEGISLATION DEALING WITH CONGRESSIONAL BUDGET MUST BE HANDLED BY BUDGET COMMITTEES

"SEC. 306. No bill or resolution, and no amendment to any bill or resolution, dealing with any matter which is within the jurisdiction of the Committee on the Budget of either House shall be considered in that House unless it is a bill or resolution which has been reported by the Committee on the Budget of that House (or from the consideration of which such committee has been discharged) or unless it is an amendment to such a bill or resolution.

“HOUSE COMMITTEE ACTION ON ALL APPROPRIATION BILLS TO BE COMPLETED BY JUNE 10

“SEC. 307. On or before June 10 of each year, the Committee on Appropriations of the House of Representatives shall report bills and resolutions providing new budget authority under the jurisdiction of all of its subcommittees for the fiscal year which begins on October 1 of that year.

“REPORTS, SUMMARIES, AND PROJECTIONS OF CONGRESSIONAL BUDGET ACTIONS

“SEC. 308. (a) REPORTS ON LEGISLATION PROVIDING NEW BUDGET AUTHORITY, NEW SPENDING AUTHORITY, NEW CREDIT AUTHORITY, OR PROVIDING AN INCREASE OR DECREASE IN REVENUES OR TAX EXPENDITURES.—

“(1) Whenever a committee of either House reports to its House a bill or resolution, or committee amendment thereto, providing new budget authority (other than continuing appropriations), new spending authority described in section 401(c)(2), new credit authority, or providing an increase or decrease in revenues or tax expenditures for a fiscal year, the report accompanying that bill or resolution shall contain a statement, or the committee shall make available such a statement in the case of an approved committee amendment which is not reported to its House, prepared after consultation with the Director of the Congressional Budget Office—

"(A) comparing the discretionary action levels in any such measure to the allocations for discretionary action in the reports submitted under section 302 for the most recently agreed to concurrent resolution on the budget for such fiscal year;

"(B) setting forth outlays estimated to result from any such measure for such fiscal year.

"(C) including an identification of any new spending authority described in section 401(c)(2) which is contained in any such measure and a justification for the use of such financing method instead of annual appropriations;

"(D) containing a projection by the Congressional Budget Office of how any such measure will affect the levels of such spending authority, revenues, tax expenditures, direct loan obligations, or primary loan guarantee commitments under existing law for such fiscal year and each of the four ensuing fiscal years; and

"(E) setting forth the level of new budget authority for assistance to State and local governments provided by any such measure.

"(2) Whenever a conference report is filed in either House and such conference report or amendment reported in disagreement or an amendment to be proposed by the conferees in the case of technical disagreement on such bill or resolution provides new budget authority (other than continuing appropriations), new spending authority described in section 401(c)(2), or new credit authority, or provides an increase or decrease in revenues or tax expenditures for a fiscal year, the committee, after consultation with the Director of the Congressional Budget Office, shall make available to Members at least two hours prior to consideration of such conference report by the House of Representatives or Senate the matters described under subsection (a)(1). It shall not be in order to consider a conference report if this paragraph has not been complied with.

"(b) UP-TO-DATE TABULATIONS OF CONGRESSIONAL BUDGET ACTIONS.—The Director of the Congressional Budget Office shall issue to the committees of the House and the Senate monthly reports detailing and tabulating the progress of congressional action on bills and resolutions providing new budget authority, new spending authority described in section 401(c)(2), new credit authority, or providing an increase or decrease in revenues or tax expenditures for a fiscal year. Such reports shall include, but are not limited to—

"(1) an up-to-date tabulation comparing the appropriate aggregate and functional levels included in the most recently adopted concurrent resolution on the budget with levels provided in bills and resolutions reported by committees or adopted by either House or by the Congress; and

"(2) an up-to-date tabulation comparing levels of discretionary action for a fiscal year in bills and resolutions reported by committees or adopted by either House or by the Congress with allocations for discretionary action in reports submitted under section 302.

"(c) FIVE-YEAR PROJECTION OF CONGRESSIONAL BUDGET ACTION.—As soon as practicable after the beginning of each fiscal year, the Director of the Congressional Budget Office shall issue a report projecting for the period of 5 fiscal years beginning with such fiscal year—

"(1) total new budget authority and total budget outlays for each fiscal year in such period;

"(2) revenues to be received and the major sources thereof, and the surplus or deficit, if any, for each fiscal year in such period;

"(3) tax expenditures for each fiscal year in such period;

"(4) entitlement authority for each fiscal year in such period; and

"(5) credit authority for each fiscal year in such period.

"APPROVAL OF REGULAR APPROPRIATION BILLS

"SEC. 309. (a) APPROVAL BY THE HOUSE.—It shall not be in order in the House of Representatives to consider any resolution providing for an adjournment period of more than three calendar days during the month of July until the House of Representatives has approved bills and resolutions providing new budget authority under the jurisdiction of all the subcommittees of the Committee on Appropriations for the fiscal year beginning on October 1 of such year, other than supplemental, deficiency, and continuing appropriation bills and resolutions.

"(b) APPROVAL BY THE SENATE.—Not later than August 15 of each year, the Senate shall approve bills and resolutions providing new budget authority under the jurisdiction of all the subcommittees of the Committee on Appropriations for the fiscal year beginning on October 1 of such year.

"RECONCILIATION

"SEC. 310. (a) INCLUSION OF RECONCILIATION DIRECTIVES IN CONCURRENT RESOLUTIONS ON THE BUDGET.—Any concurrent resolution on the budget may, to the extent necessary to effectuate the provisions and requirements of such resolution specify the total amount for such fiscal year, or the total amount for such fiscal year and the ensuing fiscal year, or the total amount for such fiscal year and the two ensuing fiscal years by which—

"(1) budget authority;

"(2) spending authority described in section 401(c)(2);

"(3) credit authority;

"(4) revenues; or

"(5) tax expenditures (excluding the effect of changes in tax rates under existing law);

provided by laws, bills, and resolutions within the jurisdiction of a committee is to be changed and direct that committee to recommend legislation to accomplish a change of such total amount.

"(b) LEGISLATIVE PROCEDURE.—If a concurrent resolution is agreed to in accordance with subsection (a) containing directives to one or more committees to determine and recommend changes in laws, bills, or resolutions, and—

"(1) only one committee of the House or the Senate is directed to determine and recommend changes, that committee shall promptly make such determination and recommendations and report to its House reconciliation legislation containing such recommendations; or

"(2) more than one committee of the House or the Senate is directed to determine and recommend changes, each such committee so directed shall promptly make such determination and recommendations and submit such recommendations to the Committee on the Budget of its House, which, upon receiving all such recommendations, shall report to its House reconciliation legislation carrying out all such recommendations without any substantive revision.

"(c) RECONCILIATION NOT APPLICABLE TO CHANGES IN LEVELS OF AUTHORIZATION TO ENACT BUDGET AUTHORITY.—It shall not be in order in the House of Representatives or Senate to consider any concurrent resolution on the budget or amendment thereto or conference report thereon which contains directions to one or more committees to change laws, bills, or resolutions to increase or decrease an authorization for enactment of budget authority within their jurisdictions for any fiscal year.

"(d) PROCEDURE IN THE HOUSE OF REPRESENTATIVES.—The Committee on Rules of the House of Representatives may make in order amendments to achieve changes specified by reconciliation directives contained in a concurrent resolution on the budget if a committee or committees of the House fail to submit recommended changes to its Committee on the Budget pursuant to its instruction.

"(e) PROCEDURE IN THE SENATE.—

"(1) Except as provided in paragraph (2), the provisions of section 305 for the consideration in the Senate of concurrent resolutions on the budget and conference reports thereon shall also apply to the consideration in the Senate of reconciliation bills reported under subsection (b) and conference reports thereon.

"(2) Debate in the Senate on any reconciliation bill reported under subsection (b), and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than 20 hours.

"(f) COMPLETION OF RECONCILIATION PROCESS IN THE HOUSE OF REPRESENTATIVES AND IN THE SENATE.—

"(1) It shall not be in order in the House of Representatives to consider any resolution providing for an adjournment period for more than three calendar days during the month of July until the House of Representatives has completed action on the reconciliation legislation for the fiscal year beginning on October 1 of the calendar year to which the adjournment resolution pertains, if reconciliation legislation is required to be reported by the concurrent resolution on the budget for such fiscal year.

"(2) Not later than August 15 of each year, the Senate shall complete action on the reconciliation legislation for the fiscal year beginning on October 1 of such year, if reconciliation legislation is required to be reported by the concurrent resolution on the budget for such fiscal year.

"NEW BUDGET AUTHORITY, NEW SPENDING AUTHORITY, NEW CREDIT AUTHORITY, AND REVENUE LEGISLATION MUST BE WITHIN APPROPRIATE LEVELS

"SEC. 311. (a) LEGISLATION SUBJECT TO POINT OF ORDER.—Except as provided by subsection (b), after the Congress has completed action on a concurrent resolution on the budget for a fiscal year, it shall not be in order in either the House of Representatives or the Senate to consider any bill, resolution, or amendment providing new budget authority, new spending authority described in section 401(c)(2), or new credit authority to become effective during such fiscal year, or reducing revenues for such fiscal year, or any conference report on any such bill or resolution, if—

"(1) the enactment of such bill or resolution as reported;

"(2) the adoption and enactment of such amendment; or

"(3) the enactment of such bill or resolution in the form recommended in such conference report;

would cause the appropriate level of total new budget authority, total budget outlays, total entitlement authority, total direct loan obligations, or total primary loan guarantee commitments set forth in the most recently agreed to concurrent resolution on the budget for such fiscal year to be exceeded, or would cause revenues to be less than the appropriate level of total revenues set forth in such concurrent resolution.

"(b) EXCEPTION.—Subsection (a) shall not apply to bills, resolutions, or amendments within the jurisdiction of a committee, or any conference report on any such bill or resolution, if—

"(1) the enactment of such bill or resolution as reported;

"(2) the adoption and enactment of such amendment; or

"(3) the enactment of such bill or resolution in the form recommended in such conference report;

would not cause the allocation for discretionary action for such committee of new budget authority, new spending authority as described in section 401(c)(2), new direct loan obligations or new primary loan guarantee commitments made pursuant to section 302(a) for such fiscal year, or for the total of such fiscal year and the ensuing fiscal year, or for the total of such fiscal year and the two ensuing years to be exceeded, or would not cause revenues to be lower than the allocation of revenues, or tax expenditures (excluding the effect of changes in tax rates under existing law) to be higher than the allocation of tax expenditures, made to such committee pursuant to section 302(a) for the fiscal year, or for the total of such fiscal year and the ensuing fiscal year, or for the total of such fiscal year and the two ensuing years.

"(c) DETERMINATION OF BUDGET LEVELS.—For purposes of this section, the levels of new budget authority, direct loan obligations, primary loan guarantee commitments, budget outlays, spending authority as described by section 401(c)(2), and revenues for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the House of Representatives or of the Senate, as the case may be.

"COMMITTEE ALLOCATION CONTROLS

"SEC. 312. (a) LEGISLATION SUBJECT TO POINT OF ORDER.—After the Congress has completed action on a concurrent resolution on the budget for a fiscal year, it shall not be in order in either the House of Representatives or the Senate to consider any bill, resolution, or amendment providing new budget authority, new spending authority as described in section 401(c)(2), or new credit authority to become effective during such fiscal year or in a subsequent fiscal year, increasing tax expenditures (excluding the effect of changes in tax rates under existing law), or reducing revenues for such fiscal year or for a subsequent fiscal year, or any conference report on any such bill or resolution, if—

"(1) the enactment of such bill or resolution as reported;

"(2) the adoption and enactment of such amendment; or

"(3) the enactment of such bill or resolution in the form recommended in such conference report;

would cause an allocation for discretionary action to a committee made pursuant to section 302(a) for such fiscal year (or, if such allocation is for the total of such fiscal year and the ensuing fiscal year, then the two-year total; or, if such allocation is for the total of such fiscal year and the two ensuing fiscal years, then the three-year total) of new budget authority, new spending authority as described in section 401(c)(2), new direct loan obligations and new primary loan guarantee commitments, tax expenditure increases (excluding the effect of changes in tax rates under existing law), or revenue reductions to be exceeded.

"(b) Determination of Budget Levels.—For purposes of this section, the levels of new budget authority, budget outlays, spending authority as described in section 401(c)(2), direct loan obligations, primary loan guarantee commitments, tax expenditures, and revenues for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the House of Representatives or of the Senate, as the case may be.".

TITLE II—AMENDMENTS TO TITLE IV OF THE CONGRESSIONAL BUDGET ACT OF 1974

NEW SPENDING AUTHORITY

SEC. 201. (a) Subsection (a) of section 401 of the Congressional Budget Act of 1974 is amended by inserting "CONTROLS ON" before "LEGISLATION", by striking out "or resolution" and inserting in lieu thereof ", resolution, or conference report, as reported to its House" and by inserting "conference report," after "resolution" the second time it appears therein.

(b) Subsection (b) of such section is amended to read as follows:

"(b) CONTROLS ON PROVISIONS OF LEGISLATION PROVIDING OTHER NEW SPENDING AUTHORITY.—No provision of any bill, joint resolution, or resolution shall be reported by any committee, or be in order in any amendment thereto or conference report thereon, in the House of Representatives or the Senate, which provides new spending authority as described in subsection (c)(2)(D) or (E) unless that bill, joint resolution, or resolution, as reported, or amendment thereto or conference report thereon, also provides that such new spending authority is to be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts. A question of order on such new spending authority may be raised at any time.

(c) Paragraph (1) of subsection (c) of such section is amended by inserting before the period at the end thereof the following:

", except for subparagraphs (D) and (E) of paragraph (2), for which 'new spending authority' for purposes of this section means spending authority not provided by law on the effective date of those subparagraphs, including any increase in or addition to spending authority provided by law on such date".

(d) Paragraph (2) of subsection (c) of such section is amended by striking out "and" at the end of subparagraph (B), by striking out the period at the end of subparagraph (C) and inserting in lieu thereof a semicolon, and by inserting after subparagraph (C) the following new subparagraphs:

"(D) to forego collection of proprietary offsetting receipts, the budget authority for which is not provided in advance by appropriation Acts to offset such foregone receipts; and

"(E) to make payments (including loans, grants, and payments from revolving funds) other than those covered by subparagraph (A), (B), (C), or (D), the budget authority for which is not provided in advance by appropriation Acts.".

(e) Such section 401 is further amended by inserting at the end thereof the following new subsection:

"(e) ESTIMATES.—For purposes of this Act, estimates of new entitlement authority shall be measured as the cost increase or decrease from law as such law exists at the time of consideration of a bill, resolution, or conference report providing such entitlement authority. Estimates of new entitlement authority for entitlements financed by trust funds or revolving funds shall be based on estimated outlays from such funds.".

CREDIT AUTHORITY

SEC. 202. Section 402 of the Congressional Budget Act of 1974 is amended to read as follows:

"LEGISLATION PROVIDING NEW CREDIT AUTHORITY

"SEC. 402. (a) CONTROLS ON LEGISLATION PROVIDING NEW CREDIT AUTHORITY.—It shall not be in order in either the House of Representatives or the Senate to consider any bill, resolution, or conference report, as reported to its House, or any amendment which provides new credit authority described in subsection (b)(1), unless that bill, resolution, conference report, or amendment also provides that such new credit authority is to be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.

"(b) DEFINITIONS.—

"(1) For purposes of this Act, the term 'new credit authority' means credit authority not provided by law on the effective date of this section, including any increase in or addition to credit authority provided by law on such date.

"(2) For purposes of this Act, the term 'credit authority' means authority to incur direct loan obligations or to incur primary loan guarantee commitments.".

DESCRIPTION BY CONGRESSIONAL BUDGET OFFICE

SEC. 203. (a) Subsection (a) of section 403 of the Congressional Budget Act of 1974 is amended by striking out "and" at the end of paragraph (2), by striking out the period and inserting "; and" at the end of paragraph (3), and by inserting at the end thereof the following new paragraph:

"(4) a description of each method for establishing a Federal financial commitment contained in such bill or resolution.".

(b) The second sentence of subsection (a) of such section is amended by striking out "estimates and comparison" and inserting in lieu thereof "estimates, comparison, and description".

GENERAL ACCOUNTING OFFICE STUDY

SEC. 204. Title IV of the Congressional Budget Act of 1974 is amended by inserting at the end thereof the following new sections:

"STUDY BY THE GENERAL ACCOUNTING OFFICE OF FORMS OF FEDERAL FINANCIAL COMMITMENT THAT ARE NOT REVIEWED ANNUALLY BY CONGRESS

"SEC. 405. The General Accounting Office shall study those provisions of law which provide spending authority as described by section 401(c)(2), and report to the Congress its recommendations for the appropriate form of financing for activities or programs financed by such provisions not later than eighteen months after the effective date of this section. Such report shall be revised from time to time.

"OFF-BUDGET AGENCIES, PROGRAMS AND ACTIVITIES

"SEC. 406. (a) Notwithstanding any other provision of law, budget authority, credit authority, and estimates of outlays and receipts for all activities of the Federal Financing Bank, the Rural Electrification Administration and Rural Telephone Bank, the Strategic Petroleum Reserve Account, the United States Synthetic Fuels Corporation, the United States Railway Association, the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, and the Federal Hospital Insurance Trust Fund shall be included in a budget submitted pursuant to section 1105 of title 31, United States Code, and in a concurrent resolution on the budget reported pursuant to section 301 of the Congressional Budget Act of 1974 and shall be considered, for purposes of such Act, budget authority, outlays, and spending authority in accordance with definitions set forth in such Act.

"(b) All receipts and disbursements of the Federal Financing Bank with respect to any obligations which are issued, sold, or guaranteed by a Federal agency shall be treated as a means of financing such agency for purposes of section 1105 of title 31, United States Code, and for purposes of the Congressional Budget Act of 1974. Amounts of loans guaranteed by a Federal agency which are financed by the Bank shall be included as outlays of such agency.

"(c) If any committee reports any bill or resolution containing a provision or provisions having the effect of exempting any department, agency, program or activity of the United States Government from the provisions of section 1105 of title 31, United States Code, or the provisions of the Congressional Budget Act of 1974, such bill or resolution shall be referred to the Committee on Government Operations, and the Committee on Government Operations shall have the jurisdiction to report any bill or resolution referred to it under this section with an amendment or amendments, which change or strike out any such provision or provisions.

"MEMBER USER GROUP

"SEC. 407. The Speaker of the House of Representatives, after consulting with the Minority Leader of such House, shall appoint a Member User Group for the purpose of reviewing budgetary scorekeeping rules and practices of the House and advising the Speaker from time to time on the effect and impact of such rules and practices. Estimates made by the House Budget Committee under section 311 and section 312 shall be made in accordance with such scorekeeping rules and practices.".

TITLE III—ADDITIONAL PROVISIONS TO IMPROVE BUDGET PROCEDURES

DEFINITIONS

SEC. 301. (a) Paragraph (2) of section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended by inserting before the comma the following: "or to collect offsetting receipts".

(b) Section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended by inserting at the end thereof the following:

"(6) The term 'allocation for discretionary action' means an amount for control of congressional action to increase or decrease levels under current law of budget authority (excluding such authority to cover entitlement authority in the case of the Committee on Appropriations), direct loan obligations or primary loan guarantee commitments, spending authority as described by section 401(c)(2), revenues, and tax expenditures (excluding the effect of changes in tax rates under existing law).

"(7) The term 'entitlement authority' means spending authority described by section 401(c)(2)(C).".

CONGRESSIONAL BUDGET OFFICE

Sec. 302. (a) Paragraph (2) of section 201(a) of the Congressional Budget Act of 1974 is amended by striking out "Committees on the Budget" and inserting in lieu thereof "committees".

(b) Paragraph (1) of section 202(f) of the Congressional Budget Act of 1974 is amended by striking out "April 1" and inserting in lieu thereof "February 15".

(c) Subsection (f) of section 202 of the Congressional Budget Act of 1974 is amended by inserting at the end thereof the following new paragraphs:

"(3) On or before the first Monday after January 3 of each year, the Director, after consultation with the appropriate committees of the House of Representatives and Senate, shall submit to the Congress a report listing (A) all programs and activities funded during the fiscal year ending September 30 of that calendar year for which authorizations for appropriations have not been enacted for that fiscal year, and (B) all programs and activities for which authorizations for appropriations have been enacted for the fiscal year ending September 30 of that calendar year, but for which no authorizations for appropriations have been enacted for the fiscal year beginning October 1 of that calendar year.

"(4) Baseline projections of permanent authority prepared pursuant to this subsection, including but not limited to revenues, tax expenditures, entitlements (including appropriated entitlements), other mandatory spending, and credit authority shall assume that current laws continue unchanged, except for the extension of temporary provisions for which continuation is routine. Baseline projections of discretionary appropriations shall assume a continuation of current year funding with an adjustment for inflation.".

(d) Section 202 of the Congressional Budget Act of 1974 is amended by inserting at the end thereof the following new subsections:

"(h) STUDIES.—The Director shall conduct continuing studies to enhance comparisons of budget outlays, credit authority, and tax expenditures.

"(i) TAX EXPENDITURES INVENTORY.—On or before February 15 of each year, the Director, after consultation with the Joint Committee on Taxation, shall submit to the Congress an inventory of all provisions of law providing tax expenditures and such inventory shall be regarded for purposes of this Act as tax expenditures.".

CURRENT SERVICES BUDGET

SEC. 303. The first sentence of section 605(a) of the Congressional Budget Act of 1974 is amended by striking out "On or before November 10 of each year (beginning with 1975)" and inserting in lieu thereof the following: "On or before the first Monday after January 3 of each year (beginning with 1985)".

STUDY OF OFF-BUDGET AGENCIES

SEC. 304. Section 606 of the Congressional Budget Act of 1974 is repealed.

CHANGES IN FUNCTIONAL CATEGORIES

SEC. 305. Section 802 of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding at the end thereof the following sentence: "Committees of the House of Representatives and Senate shall receive prompt notification of all such changes.".

JURISDICTION OF COMMITTEE ON GOVERNMENT OPERATIONS

SEC. 306. Clause 1(j) of Rule X of the Rules of the House of Representatives is amended by inserting after item (5) the following new item:

"(6) Budgetary treatment of agencies or programs referred to the committee pursuant to section 406 of the Congressional Budget Act of 1974.".

CONTINUING STUDY OF CONGRESSIONAL BUDGET PROCESS

SEC. 307. Clause 3 of Rule X of the Rules of the House of Representatives is amended by inserting at the end thereof the following:

"(i) The Committee on Rules shall have the function of reviewing and studying, on a continuing basis, the congressional budget process, and the committee shall, from time to time, report its findings and recommendations to the House.".

EARLY ELECTION OF COMMITTEES OF THE HOUSE

SEC. 308. Clause 6(a)(1) of Rule X of the Rules of the House of Representatives is amended by striking out "at" and by inserting in lieu thereof "within the seventh calendar day beginning after", and by inserting at the end thereof the following new sentence: "It shall always be in order to consider resolutions recommended by the respective party caucuses to change the composition of standing committees.".

RESCISSIONS AND TRANSFERS IN APPROPRIATION BILLS

SEC. 309. (a) Clause 2(b) of Rule XXI of the Rules of the House of Representatives is amended by inserting before the period at the end thereof the following: ", and except rescissions of appropriations contained in appropriation Acts."

(b) Clause 6 of Rule XXI of the Rules of the House of Representatives is amended by inserting before the period at the end thereof the following: ", and shall not apply to transfers of unexpended balances within the department or agency for which they were originally appropriated, reported by the Committee on Appropriations."

LIMITATIONS ON USE OF SUSPENSIONS IN THE HOUSE

SEC. 310. Rule XXVII of the Rules of the House of Representatives is amended by inserting at the end thereof the following new clause:

"5. (a) It shall not be in order to consider under suspension of the rules any bill or resolution (or an amendment thereto as proposed to be passed under suspension of the rules) which—

"(1) provides new budget authority (as defined in section 3(2) of the Congressional Budget and Impoundment Control Act of 1974);

"(2) provides new credit authority described in section 402(b)(1) of such Act;

"(3) provides new spending authority described in section 401(c)(2)(C) of such Act; or

"(4) increases or decreases revenues or tax expenditures;

in an amount which is in excess of $10,000,000. For purposes of this clause, the levels of new budget authority, new credit authority, new spending authority, revenues, and tax expenditures shall be determined on the basis of estimates made by the Committee on the Budget.

"(b) It shall not be in order to consider under suspension of the rules any bill or resolution (or an amendment thereto as proposed to be passed under suspension of the rules) which provides new spending authority as described in section 401(c)(2)(A), (B), (D), or (E) of such Act. This paragraph does not apply to the exceptions described by section 401(d) of such Act.".

TITLE IV—AMENDMENTS TO SUBTITLE II OF TITLE 31, UNITED STATES CODE

SUBMISSION OF PRESIDENT'S BUDGET

SEC. 401. (a) The first sentence of section 1105(a) of title 31, United States Code, is amended by striking out "During the first 15 days of each regular session of Congress" and inserting in lieu thereof the following: "On or before the first Monday after January 3 of each year".

(b) Subsection (a) of such section is amended by inserting after the second sentence thereof the following new sentence: "Not later than two weeks after submission of the budget, the Office of Management and Budget shall submit to Congress the text of legislation necessary to implement budget proposals affecting revenues and spending authority as described in section 401(c)(2)(C) of the Congressional Budget Act of 1974.".

SUPPLEMENTAL BUDGET ESTIMATES AND CHANGES

SEC. 402. The first sentence of section 1106(b) of title 31, United States Code, is amended by striking out "April 11 and".

CURRENT SERVICES BUDGET

SEC. 403. The first sentence of section 1109(a) of title 31, United States Code, is amended by striking out "Before November 11 of each year" and inserting in lieu thereof the following: "On or before the first Monday after January 3 of each year".

TITLE V—TECHNICAL AND CONFORMING AMENDMENTS

TABLE OF CONTENTS

SEC. 501. The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 with respect to title III is amended to read as follows:

"TITLE III—CONGRESSIONAL BUDGET PROCESS

"Sec. 300. Timetable.
"Sec. 301. Annual adoption of concurrent resolution on the budget.
"Sec. 302. Committee allocations.
"Sec. 303. Concurrent resolution on the budget must be adopted before legislation providing new budget authority, new spending authority, new credit authority or changes in revenues or the public debt limit is considered.
"Sec. 304. Permissible revisions of concurrent resolutions on the budget.
"Sec. 305. Procedures relating to consideration of concurrent resolutions on the budget.

"Sec. 306. Legislation dealing with congressional budget must be handled by budget committees.
"Sec. 307. House committee action on all appropriation bills to be completed by June 10.
"Sec. 308. Reports, summaries, and projections of congressional budget actions.
"Sec. 309. Approval of regular appropriation bills.
"Sec. 310. Reconciliation.
"Sec. 311. New budget authority, new spending authority, new credit authority, and revenue legislation must be within appropriate levels.
"Sec. 312. Committee allocation controls.".

ADDITIONAL TECHNICAL AND CONFORMING AMENDMENTS

SEC. 502. (a) The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by—

(1) striking out the item relating to section 402 and inserting in lieu thereof the following new item:

"Sec. 402. Legislation providing new credit authority.";

(2) inserting after the item relating to section 404 the following new items:

"Sec. 405. Study by the General Accounting Office of forms of Federal financial commitment that are not reviewed annually by Congress.
"Sec. 406. Off-budget agencies, programs, and activities.
"Sec. 407. Member user group."; and

(3) striking out the item relating to section 606.

(b) Paragraph (4) of section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended—

(1) by adding "and" after the semicolon at the end of subparagraph (A);

(2) by striking out subparagraph (B); and

(3) by redesignating subparagraph (C) as subparagraph (B).

(c) Subparagraph (2) of clause 4(b) of rule X of the Rules of the House of Representatives is amended by striking out "first concurrent resolution" and inserting in lieu thereof "concurrent resolutions".

(d) Clause 4(g) of rule X of the Rules of the House of Representatives is amended by striking out "March 15" and inserting in lieu thereof "February 25".

(e) Clause 2(l)(1) of rule XI of the Rules of the House of Representatives is amended—

(1) by striking out "(except as provided in subdivision (C))" in subparagraph (A) thereof; and

(2) by repealing subparagraph (C) thereof.

(f) Clause 2(l)(3)(B) of rule XI of the Rules of the House of Representatives is amended by inserting "(1)" after "section 308(a)" and by striking out "new budget authority or new or increased tax expenditures" and inserting in lieu thereof "new budget authority (other than continuing appropriations), new spending authority described in section 401(c)(2) of such Act, new credit authority, or an increase or decrease in revenues or tax expenditures".

(g) Rule XLIX of the Rules of the House of Representatives is amended by striking out ", 304, or 310" in clause 1 and inserting in lieu thereof "or 304".

TITLE VI—EFFECTIVE DATE

EFFECTIVE DATE

SEC. 601. This Act and the amendments made by it shall take effect at noon January 3, 1985, and shall become effective for fiscal year 1986 and shall be fully reflected in the fiscal year 1986 budget submitted by the President in January 1985 as required by section 1105(a) of title 31, United States Code.

VII. PROVISIONS OF H.R. 5247 REPEALING OR AMENDING EXISTING LAW

Changes in existing law made by H.R. 5247, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

* * * * * * *

TITLE II—CONGRESSIONAL BUDGET OFFICE

ESTABLISHMENT OF OFFICE

SEC. 201. (a) IN GENERAL.—

(1) There is established an office of the Congress to be known as the Congressional Budget Office (hereinafter in this title referred to as the "Office"). The Office shall be headed by a Director; and there shall be a Deputy Director who shall perform such duties as may be assigned to him by the Director and, during the absence or incapacity of the Director or during a vacancy in that office, shall act as Director.

(2) The Director shall be appointed by the Speaker of the House of Representatives and the President pro tempore of the Senate after considering recommendations received from the [Committees on the Budget] *committees* of the House and the Senate, without regard to political affiliation and solely on the basis of his fitness to perform his duties. The Deputy Director shall be appointed by the Director.

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DUTIES AND FUNCTIONS

SEC. 202. (a) ASSISTANCE TO BUDGET COMMITTEES.—* * *

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(f) REPORTS TO BUDGET COMMITTEES.—

(1) On or before [April 1] *February 15* of each year, the Director shall submit to the Committees on the Budget of the House of Representatives and the Senate a report, for the fiscal year commencing on October 1 or that year, with respect to fiscal policy, including (A) alternative levels of total revenues, total new budget authority, and total outlays (including related surpluses and deficits), and (B) the levels of tax expenditures under existing law, taking into account projected economic factors and any changes in such levels based on proposals in the budget submitted by the President for such fiscal year. Such report shall also include a discussion of national budget priorities, including alternative ways of allocating

budget authority and budget outlays for such fiscal year among major programs or functional categories, taking into account how such alternative allocations will meet major national needs and affect balanced growth and development of the United States.

* * * * * * *

(3) On or before the first Monday after January 3 of each year, the Director, after consultation with the appropriate committees of the House of Representatives and Senate, shall submit to the Congress a report listing (A) all programs and activities funded during the fiscal year ending September 30 of that calendar year for which authorizations for appropriations have not been enacted for that fiscal year, and (B) all programs and activities for which authorizations for appropriations have been enacted for the fiscal year ending September 30 of that calendar year, but for which no authorizations for appropriations have been enacted for the fiscal year beginning October 1 of that calendar year.

(4) Baseline projections of permanent authority prepared pursuant to this subsection, including but not limited to revenues, tax expenditures, entitlements (including appropriated entitlements), other mandatory spending, and credit authority shall assume that current laws continue unchanged, except for the extension of temporary provisions for which continuation is routine. Baseline projections of discretionary appropriations shall assume a continuation of current year funding with an adjustment for inflation.

* * * * * * *

(h) Studies.—The Director shall conduct continuing studies to enhance comparisons of budget outlays, credit authority, and tax expenditures.

(i) Tax Expenditures Inventory.—On or before February 15 of each year, the Director, after consultation with the Joint Committee on Taxation, shall submit to the Congress an inventory of all provisions of law providing tax expenditures and such inventory shall be regarded for purposes of this Act as tax expenditures.

* * * * * * *

[TITLE III—CONGRESSIONAL BUDGET PROCESS

[TIMETABLE

[Sec. 300. The timetable with respect to the congressional budget process for any fiscal year is as follows:

[On or before:	Action to be completed:
[November 10	President submits current services budget.
[15th day after Congress meets	President submits his budget
[March 15	Committees and joint committees submit reports to Budget Committees.
[April 1	Congressional Budget Office submits report to Budget Committees.

[On or before:	Action to be completed:
[April 15	Budget Committee report first concurrent resolution on the budget to their Houses.
[May 15	Committees report bills and resolutions authorizing new budget authority.
[May 15	Congress completes action on first concurrent resolution on the budget.
[7th day after Labor Day	Congress completes action on bills and resolutions providing new budget authority and new spending authority.
[September 15	Congress completes action on second required concurrent resolution on the budget.
[September 25	Congress completes action on reconciliation bill or resolution, or both, implementing second required concurrent resolution.
[October 1	Fiscal year begins.

[ADOPTION OF FIRST CONCURRENT RESOLUTION

[Sec. 301. (a) Action To Be Completed by May 15.—On or before May 15 of each year, the Congress shall complete action on the first concurrent resolution on the budget for the fiscal year beginning on October 1 of each year. The concurrent resolution shall set forth—

[(1) the appropriate level of total budget outlays and of total new budget authority;

[(2) an estimate of budget outlays and an appropriate level of new budget authority for each major functional category, for contingencies, and for undistributed intragovernmental transaction, based on a allocations of the appropriate level of total budget outlays and of total new budget authority;

[(3) the amount, if any, of the surplus or the deficit in the budget which is appropriate in light of economic conditions and all other relevant factors;

[(4) the recommended level of Federal revenues and the amount, if any, by which the aggregate level of Federal revenues should be increase or decreased by bills and resolutions to be reported by the appropriate committees;

[(5) the appropriate level of the public debt, and the amount, if any, by which the statutory limit on the public debt should be increased or decreased by bills and resolutions to be reported by the appropriate committees;

[(6) if required by subsection (e), the calendar year in which, in the opinion of the Congress, the goals for reducing unemployment set forth in section 4(b) of the Employment Act of 1946 should be achieved; and

[(7) such other matters relating to the budget as may be appropriate to carry out the purposes of this Act.

[(b) Additional Matters in Concurrent Resolution.—The first concurrent resolution on the budget may also require—

[(1) a procedure under which all or certain bills and resolutions providing new budget authority or providing new spending authority described in section 401(c)(2)(C) for such fiscal year shall not be enrolled until the concurrent resolution required to be reported under section 310(a) has been agreed to, and, if a reconciliation bill or reconciliation resolution, or both, are required to be reported under section 310(c), until Congress has completed action on the bill or resolution, or both; and

[(2) any other procedure which is considered appropriate to carry out the purposes of this Act.

Not later than the close of the Ninety-fifth Congress, the Committee on the Budget of each House shall report to its House on the implementation of procedures described in this subsection.

[(c) VIEWS AND ESTIMATES OF OTHER COMMITTEES.—On or before March 15 of each year, each standing committee of the House of Representatives shall submit to the Committee on the Budget of the House, each standing commmittee of the Senate shall submit to the Committee on the Budget of the Senate, and the Joint Economic Committee and Joint Committee on Internal Revenue Taxation shall submit to the Committees on the Budget of both Houses—

[(1) its views and estimates with respect to all matters set forth in subsection (a) which relate to matters within the respective jurisdiction or functions of such committee or joint committee; and

[(2) except in the case of such joint committees, the estimate of the total amounts of new budget authority, and budget outlays resulting therefrom, to be provided or authorized, in all bills and resolutions within the jurisdiction of such committee which such committee intends to be effective during the fiscal year beginning on October 1 of such year.

Each of the recommendations as to short-term and medium-term goals set forth in the report submitted by the members of the Joint Economic Committee under subsection (c) may be considered by the Committee on the Budget of each House as of its consideration of such concurrent resolution, and its report may reflect its views thereon, and how the estimates of revenues and levels of budget authority and outlays set forth in such concurrent resolution are designed to achieve any goals it is recommending. The Joint Economic Committee shall also submit to the Committees on the Budget of both Houses, its recommendations as to the fiscal policy appropriate to the goals of the Employment Act of 1946. Any other committee of the House or Senate may submit to the Committee on the Budget of its House, and any other joint committee of the Congress may submit to the committees on the Budget of both Houses, its views and estimates with respect to all matters set forth in subsection (a) which relate within its jurisdiction or functions.

[(d) HEARINGS AND REPORT.—In developing the first concurrent resolution on the budget referred to in subsection (a) for each fiscal year, the Committee on the Budget of each House shall hold hearings and shall receive testimony from Members of Congress and such appropriate representatives of Federal departments and agencies, the general public, and national organizations as the committee deems desirable. On or before April 15 of each year, the Committee on the Budget of each House shall report to its House the first concurrent resolution on the budget referred to in subsection (a) for the fiscal year beginning on October 1 of such year. The report accompanying such concurrent resolution shall include, but not be limited to—

[(1) a comparison of revenues estimated by the committee with those estimated in the budget submitted by the President;

[(2) a comparison of the appropriate levels of total budget outlays and total new budget authority, as set forth in such concurrent resolution, with total budget outlays estimated and total new budget authority requested in the budget submitted by the President;

[(3) with respect to each major functional category, an estimate of budget outlays and an appropriate level of new budget authority for all proposed programs and for all existing programs (including renewals thereof), with the estimate and level for existing programs being divided between permanent authority and funds provided in appropriation Acts, and each such division being subdivided between controllable amounts and all other amounts;

[(4) an allocation of the level of Federal revenues recommended in the concurrent resolution among the major sources of such revenues;

[(5) the economic assumptions and objectives which underlie each of the matters set forth in such concurrent resolution and alternative economic assumptions and objectives which the committee considered;

[(6) projections, not limited to the following, for the period of five fiscal years beginning with such fiscal year of the estimated levels of total budget outlays, total new budget outlays, total new budget authority, the estimated revenues to be received, and the estimated surplus or deficit, if any, for each fiscal year in such period, and the estimated levels of tax expenditures (the tax expenditures budget) by major functional categories;

[(7) a statement of any significant changes in the proposed levels of Federal assistance to State and local governments; and

[(8) information, data, and comparisons indicating the manner in which, and the basis on which, the committee determined each of the matters set forth in the concurrent resolution, and the relationship of such matters to other budget categories.

[(e) ACHIEVEMENT OF GOALS FOR REDUCING UNEMPLOYMENT.—

[(1) If, pursuant to section 4(c) of the Employment Act of 1946, as amended, the President recommends in the Economic Report that the goals for reducing unemployment set for in section 4(b) of such Act be achieved in a year after the close of the five-year period prescribed by such subsection, the first concurrent resolution on the budget for the fiscal year beginning after the date on which such Economic Report is received by the Congress may set forth the year in which, in the opinion of the Congress, such goals can be achieved.

[(2) After the Congress has expressed its opinion pursuant to paragraph (1) as to the year in which the goals for reducing unemployment set forth in section 4(b) of the Employment Act of 1946, as amended, can be achieved, if, pursuant to section 4(e) of such Act, the President recommends in the Economic report that such goals be achieved in a year which is different from the year in which the Congress has expressed its opinion that such goals should be achieved, either in its action pursuant to paragraph (1) or its most recent action pursuant to this paragraph, the first concurrent resolution on the budget for the fiscal year beginning after the date on which such Economic Report is received by the Congress may set forth the year in which, in the opinion of the Congress, such goals can be achieved.

[(3) It shall be in order to amend the provision of such resolution setting forth such year only if the amendment thereto also proposes to alter the estimates, amounts, and levels (as described in section 301(a)) set forth in such resolution in germane fashion in order to be consistent with the economic goals (as described in sections 3(a)(2) and 4(b) of the Employment Act of 1946) which such amendment proposes can be achieved by the year specified in such amendment.

[MATTERS TO BE INCLUDED IN JOINT STATEMENT OF MANAGERS; REPORTS BY COMMITTEES

[SEC. 302. (a) ALLOCATION OF TOTALS.—The joint explanatory statement accompanying a conference report on a concurrent resolution on the budget shall include an estimated allocation, based upon such concurrent resolution as recommended in such conference report, of the appropriate levels of total budget outlays and total new budget authority among each committee of the House of Representatives and the Senate which has jurisdiction over bills and resolutions providing such new budget authority.

[(b) REPORTS BY COMMITTEES.—As soon as practicable after a concurrent resolution on the budget is agreed to—

[(1) the Committee on Appropriations of each House shall, after consulting with the Committee on Appropriations of the other House, (A) subdivide among its subcommittees the allocation of budget outlays and new budget authority allocated to it in the join explanatory statement accompanying the conference report on such concurrent resolution, and (B) further subdivide the amount with respect to each such committee between controllable amounts and all other amounts; and

[(2) every other committee of the House and Senate to which an allocation was made in such joint explanatory statement shall, after consulting with the committee or committees of the other House to which all or part of its allocation was made, (A) subdivide such allocation among its subcommittees or among programs over which it has jurisdiction, and (B) further subdivide the amount with respect to each subcommittee or program between controllable amounts and all other amounts.

Each such committee shall promptly report to its House the subdivisions made by it pursuant to this subsection.

[(c) SUBSEQUENT CONCURRENT RESOLUTIONS.—In the case of a concurrent resolution on the budget referred to in section 304 or 310, the allocation under subsection (a) and the subdivisions under subsection (b) shall be required only to the extent necessary to take into account revisions made in the most recently agreed to concurrent resolution on the budget.

[FIRST CONCURRENT RESOLUTION ON THE BUDGET MUST BE ADOPTED BEFORE LEGISLATION PROVIDING NEW BUDGET AUTHORITY, NEW SPENDING AUTHORITY, OR CHANGES IN REVENUES OR PUBLIC DEBT LIMIT IS CONSIDERED

[SEC. 303. (a) IN GENERAL.—It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution (or amendment thereto) which provides—

[(1) new budget authority for a fiscal year;

[(2) an increase or decrease in revenues to become effective during a fiscal year;

[(3) an increase or decrease in the public debt limit to become effective during a fiscal year; or

[(4) new spending authority described in section 401(c)(2)(C) to become effective during a fiscal year;

until the first concurrent resolution on the budget for such year has been agreed to pursuant to section 301.

[(b) EXCEPTIONS.—Subsection (a) does not apply to any bill or resolution—

[(1) providing new budget authority which first becomes available in a fiscal year following the fiscal year to which the concurrent resolution applies; or

[(2) increasing or decreasing revenues which first become effective in a fiscal year following the fiscal year to which the concurrent resolution applies.

[(c) WAIVER IN THE SENATE.—

[(1) The committee of the Senate which reports any bill or resolution to which subsection (a) applies may at or after the time it reports such bill or resolution, report a resolution to the Senate (A) providing for the waiver of subsection (a) with respect to such bill or resolution, and (B) stating the reasons why the waiver is necessary. The resolution shall then be referred to the Committee on the Budget of the Senate. That committee shall report the resolution to the Senate within 10 days after the resolution is referred to it (not counting any day on which the Senate is not in session) beginning with the day following the day on which it is so referred, accompanied by that committee's recommendations and reasons for such recommendations with respect to the resolution. If the committee does not report the resolution within such 10-day period, it shall automatically be discharged from further consideration of the resolution and the resolution shall be placed on the calendar.

[(2) During the consideration of any such resolution, debate shall be limited to one hour, to be equally divided between, and controlled by, the majority leader and minority leader or their designees, and the time on any debatable motion or appeal shall be limited to twenty minutes, to be equally divided between, and controlled by, the mover and the manager of the resolution. In the event the manager of the resolution is in favor of any such motion or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from the time under their control on the passage of such resolution, allot additional time to any Senator during the consideration of any debatable motion or appeal. No amendment to the resolution is in order.

[(3) If, after the Committee on the Budget has reported (or been discharged from further consideration of) the resolution, the Senate agrees to the resolution, then subsection (a) of this section shall not apply with respect to the bill or resolution to which the resolution so agreed to applies.

[PERMISSIBLE REVISIONS OF CONCURRENT RESOLUTIONS OF THE BUDGET

[SEC. 304. At any time after the first concurrent resolution on the budget for a fiscal year has been agreed to pursuant to section 301, and before the end of such fiscal year, the two Houses may adopt a concurrent resolution on the budget which revises the concurrent resolution on the budget for such fiscal year most recently agreed to.

[PROVISIONS RELATING TO THE CONSIDERATION OF CONCURRENT RESOLUTIONS ON THE BUDGET

[SEC. 305. (a) PROCEDURE IN HOUSE OF REPRESENTATIVES AFTER REPORT OF COMMITTEE: DEBATE.—

[(1) When the Committee on the Budget of the House has reported any concurrent resolution on the budget, it is in order at any time after the tenth day (excluding Saturdays, Sundays, and legal holidays) following the day on which the report upon such resolution has been available to Members of the House (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the concurrent resolution. The motion is highly privileged and is not debatable. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

[(2) General debate on any concurrent resolution on the budget in the House of Representatives shall be limited to not more than 10 hours, which shall be divided equally between the majority and minority parties, plus such additional hours of debate as are consumed pursuant to paragraph (3). A motion further to limit debate is not debatable. A motion to recommit the concurrent resolution is not in order, and it is not in order to move to reconsider the vote by which the concurrent resolution is agreed to or disagreed to.

[(3) Following the presentation of opening statements on the first concurrent resolution on the budget for a fiscal year by the chairman and ranking minority member of the Committee on the Budget of the House, there shall be a period of up to four hours for debate on economic goals and policies.

[(4) Only if a concurrent resolution on the budget reported by the Committee on the Budget of the House sets forth the economic goals (as described in sections 3(a)(2) and 4(b)) of the Full Employment Act of 1946) which the estimates, amounts, and levels (as described in section 301(a)) set forth in such resolution are designed to achieve, shall it be in order to offer to such resolution and amendment relating to such goals, and such amendment shall be in order only if it also proposes to alter such estimates, amounts, and levels in germane fashion in order to be consistent with the goals proposed in such amendment.

[(6) Consideration of any concurrent resolution on the budget by the House of Representatives shall be in the Committee of the Whole, and the resolution shall be read for amendment under the five-minute rule in accordance with the applicable provisions of rule XXIII of the Rules of the House of Representatives. After the Committee rises and reports the resolution back to the House, the previous question shall be considered as ordered on the resolution and any amendments thereto to final passage without intervening motion; except that it shall be in order at any time prior to final passage (notwithstanding any other rule or provision of law) to adopt an amendment (or a series of amendments) changing any figure or figures in the resolution as so reported to the extent necessary to achieve mathematical consistency.

[(7) Debate in the House of Representatives on the conference report on any concurrent resolution on the budget shall be limited to not more than 5 hours, which shall be divided equally between the majority and minority parties. A motion further to limit debate is not debatable. A motion to recommit the conference report is not in order, and it is not in order to move to reconsider the vote by which the conference report is agreed to or disagreed to.

[(8) Motions to postpone, made with respect to the consideration of any concurrent resolution on the budget, and motions to proceed to the consideration of other business, shall be decided without debate.

[(9) Appeals from the decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to any concurrent resolution on the budget shall be decided without debate.

[(b) PROCEDURE IN SENATE AFTER REPORT OF COMMITTEE; DEBATE; AMENDMENTS.—

[(1) Debate in the Senate on any concurrent resolution on the budget, and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than 50 hours, except that, with respect to the second required concurrent resolution referred to in section 310(a), all such debate shall be limited to not more than 15 hours. The time shall be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

[(2) Debate in the Senate on any amendment to a concurrent resolution on the budget shall be limited to 2 hours, to be equally divided between, and controlled by, the mover and the manager of the concurrent resolution, and debate on any amendment to an amendment, debatable motion, or appeal shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the concurrent resolution, except that in the event the manager of the concurrent resolution is in favor of any such amendment, motion, or appeal, the time in opposition thereto shall be controlled by the minority leader or this designee. No amendment that is not germane to the provisions of such concurrent resolution shall be received. Such leaders, or either of them, may, from the time under their control on the passage of the concurrent resolution, allot additional time to any Senator during the consideration of any amendment, debatable motion, or appeal.

[(3) Following the presentation of opening statements on the first concurrent resolution on the budget for a fiscal year by the chairman and ranking minority member of the Committee on the Budget of the Senate, there shall be a period of up to four hours for debate on economic goals and policies.

[(4) Only if a concurrent resolution on the budget reported by the Committee on the Budget of the Senate sets forth the economic goals (as described in sections 3(a)(2) and (4)(b) of the Employment Act of 1946), which the estimates, amounts, and levels (as described in section 301(a)) set forth in such resolution are designed to achieve, shall it be in order to offer to such resolution an amendment relating to such goals, and such amendment shall be in order only if it also proposes to alter such estimates, amounts, and levels in germane fashion in order to be consistent with the goals proposed in such amendment.

[(6) A motion to further limit debate is not debatable. A motion to recommit (except a motion to recommit with instructions to report back within a specified number of days, not to exceed 3, not counting any day on which the Senate is not in session) is not in order. Debate on any such motion to recommit shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the concurrent resolution.

[(7) Notwithstanding any other rule, an amendment, or series of amendments, to a concurrent resolution on the budget proposed in the Senate shall always be in order if such amendment or series of amendments proposes to change any figure or figures then contained in such concurrent resolution so as to make such concurrent resolution mathematically consistent or so as to maintain such consistency.

[(c) ACTION ON CONFERENCE REPORTS IN THE SENATE.—

[(1) The conference report on any concurrent resolution on the budget shall be in order in the Senate at any time after the third day (excluding Saturdays, Sundays, and legal holidays) following the day on which such a conference report is reported and is available to Members of the Senate. A motion to proceed to the consideration of the conference report may be made even though a previous motion to the same effect has been disagreed to.

[(2) During the consideration in the Senate of the conference report on any concurrent resolution on the budget, debate shall be limited to 10 hours, to be equally divided between, and controlled by, the majority leader and minority leader or their designees. Debate on any debatable motion or appeal related to the conference report shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the conference report.

[(3) Should the conference report be defeated, debate on any request for a new conference and the appointment of conferees shall be limited to 1 hour, to be equally divided between, and controlled by, the manager of the conference report and the minority leader or his designee, and should any motion be made to instruct the conferees before the conferees are named, debate on such motion shall be limited to one-half hour, to be equally divided between, and controlled by, the mover and the manager of the conference report. Debate on any amendment to any such instructions shall be limited to 20 minutes, to be equally divided between and controlled by the mover and the manager of the conference report. In all cases when the manager of the conference report is in favor of any motion, appeal, or amendment, the time in opposition shall be under the control of the minority leader or his designee.

[(4) In any case in which there are amendments in disagreement, time on each amendment shall be limited to 30 minutes, to be equally divided between, and controlled by, the manager of the conference report and the minority leader or his designee. No amendment that is not germane to the provisions of such amendments shall be received.

[(d) REQUIRED ACTION BY CONFERENCE COMMITTEE—If, at the end of 7 days (excluding Saturdays, Sundays, and legal holidays) after the conferees of both Houses have been appointed to a committee of conference on a concurrent resolution on the budget, the conferees are unable to reach agreement with respect to all matters in disagreement between the two Houses, then the conferees shall submit to their respective Houses, on the first day thereafter on which their House is in session—

[(1) a conference report recommending those matters on which they have agreed and reporting in disagreement those matters on which they have not agreed; or

[(2) a conference report in disagreement, if the matter in disagreement is an amendment which strikes out the entire text of the concurrent resolution and inserts a substitute text.

[(e) CONCURRENT RESOLUTION MUST BE CONSISTENT IN THE SENATE.—It shall not be in order in the Senate to vote on the question of agreeing to—

[(1) a concurrent resolution on the budget unless the figures then contained in such resolution are mathematically consistent; or

[(2) a conference report on a concurrent resolution on the budget unless the figures contained in such resolution, as recommended in such conference report, are mathematically consistent.

[LEGISLATION DEALING WITH CONGRESSIONAL BUDGET MUST BE HANDLED BY BUDGET COMMITTEES

[SEC. 306. No bill or resolution, and no amendment to any bill or resolution, dealing with any matter which is within the jurisdiction of the Committee on the Budget of either House shall be considered in that House unless it is a bill or resolution which has been reported by the Committee on the Budget of that House (or from the consideration of which such committee has been discharged) or unless it is an amendment to such a bill or resolution.

[HOUSE COMMITTEE ACTION ON ALL APPROPRIATION BILLS TO BE COMPLETED BEFORE FIRST APPROPRIATION BILL IS REPORTED

[SEC. 307. Prior to reporting the first regular appropriation bill for each fiscal year, the Committee on Appropriations of the House of Representatives shall, to the extent practicable, complete subcommittee markup and full committee action on all regular appropriation bills for that year and submit to the House a summary report comparing the committee's recommendations with the appropriate levels of budget outlays and new budget authority as set forth in the most recently agreed to concurrent resolution on the budget for that year.

[REPORTS, SUMMARIES, AND PROJECTIONS OF CONGRESSIONAL BUDGET ACTIONS

[SEC. 308. (a) REPORTS ON LEGISLATION PROVIDING NEW BUDGET AUTHORITY OR TAX EXPENDITURES.—Whenever a committee of either House reports a bill or resolution to its House providing new budget authority (other than continuing appropriations) or new or increased tax expenditures for a fiscal year, the report accompanying that bill or resolution shall contain a statement, prepared after consultation with the Director of the Congressional Budget Office, detailing—

[(1) in the case of a bill or resolution providing new budget authority—

[(A) how the new budget authority provided in that bill or resolution compares with the new budget authority set forth in the most recently agreed to concurrent resolution on the budget for such fiscal year and the reports submitted under section 302;

[(B) a projection for the period of 5 fiscal years beginning with such fiscal year of budget outlays, associated with the budget authority provided in that bill or resolution, in each fiscal year in such period; and

[(C) the new budget authority, and budget outlays resulting therefrom, provided by that bill or resolution for financial assistance to State and local governments; and

[(2) in the case of a bill or resolution providing new or increased tax expenditures—

[(A) how the new or increased tax expenditures provided in that bill or resolution will affect the levels of tax expenditures under existing law as set forth in the report accompanying the first concurrent resolution on the budget for such fiscal year, or, if a report accompanying a subsequently agreed to concurrent resolution for such year sets forth such levels, then as set forth in that report; and

[(B) a projection for the period of 5 fiscal years beginning with such fiscal year of the tax expenditures which will result from that bill or resolution in each fiscal year in such period. No projection shall be required for a fiscal year under paragraph (1)(B) or (2)(B) if the committee determines that a projection for that fiscal year is impracticable and states in its report the reason for such impracticability.

[(b) UP-TO-DATE TABULATION OF CONGRESSIONAL BUDGET ACTIONS.—The Director of the Congressional Budget Office shall issue periodic reports detailing and tabulating the progress of congressional action on bills and resolutions providing new budget authority and changing revenues and the public debt limit for a fiscal year. Such reports shall include, but are not limited to—

[(1) an up-to-date tabulation comparing the new budget authority for such fiscal year in bills and resolutions on which Congress has completed action and estimated outlays, associated with such new budget authority, during such fiscal year to the new budget authority and estimated outlays set forth in the most recently agreed to concurrent resolution on the budget for such fiscal year and the reports submitted under section 302;

[(2) an up-to-date status report on all bills and resolutions providing new budget authority and changing revenues and the public debt limit for such fiscal year in both Houses;

[(3) an up-to-date comparison of the appropriate level of revenues contained in the most recently agreed to concurrent resolution on the budget for such fiscal year with the latest estimate of revenues for such year (including new revenues anticipated during such year under bills and resolutions on which the Congress has completed action); and

[(4) an up-to-date comparison of the appropriate level of the public debt contained in the most recently agreed to concurrent resolution on the budget for such fiscal year with the latest estimate of the public debt during such fiscal year.

[(c) FIVE-YEAR PROJECTION OF CONGRESSIONAL BUDGET ACTION.—As soon as practicable after the beginning of each fiscal year, the Director of the Congressional Budget Office shall issue a report projecting for the period of 5 fiscal years beginning with such fiscal year—

[(1) total new budget authority and total budget outlays for each fiscal year in such period;

[(2) revenues to be received and the major sources thereof, and the surplus or deficit, if any, for each fiscal year in such period; and

[(3) tax expenditures for each fiscal year in such period.

[COMPLETION OF ACTION ON BILLS PROVIDING NEW BUDGET AUTHORITY AND CERTAIN NEW SPENDING AUTHORITY

[SEC. 309. Except as otherwise provided pursuant to this title, not later than the seventh day after Labor Day of each year, the Congress shall complete action on all bills and resolutions—

[(1) providing new budget authority for the fiscal year beginning on October 1 of such year, other than supplemental, deficiency, and continuing appropriation bills and resolutions, and other than the reconciliation bill for such year, if required to be reported under section 310(c); and

[(2) providing new spending authority described in section 401(c)(2)(C) which is to become effective during such fiscal year.

Paragraph (1) shall not apply to any bill or resolution if legislation authorizing the enactment of new budget authority to be provided in such bill or resolution has not been timely enacted.

[SECOND REQUIRED CONCURRENT RESOLUTION AND RECONCILIATION PROCESS

[Sec. 310. (a) Reporting of Concurrent Resolution.—The committee on the Budget of each House shall report to its House a concurrent resolution on the budget which reaffirms or revises the concurrent resolution on the budget most recently agreed to with respect to the fiscal year beginning on October 1 of such year. Any such concurrent resolution on the budget shall also, to the extent necessary—

[(1) specify the total amount by which—

[(A) new budget authority for such fiscal year;

[(B) budget authority initially provided for prior fiscal years; and

[(C) new spending authority described in section 401(c)(2)(C) which is to become effective during such fiscal year,

contained in laws, bills, and resolutions within the jurisdiction of a committee, is to be changed and direct that committee to determine and recommend changes to accomplish a change of such total amount;

[(2) specify the total amount by which revenues are to be changed and direct that the committees having jurisdiction to determine and recommend changes in the revenue laws, bills, and resolutions to accomplish a change of such total amount;

[(3) specify the amount by which the statutory limit on the public debt is to be changed and direct the committees having jurisdiction recommend such change; or

[(4) specify and direct any combination of the matters described in paragraphs (1), (2), and (3).

Any such concurrent resolution may be reported, and the report accompanying it may be filed, in either House notwithstanding that that House is not in session on the day on which such concurrent resolution is reported.

[(b) Completion of Action on Concurrent Resolution.—Not later than September 15 of each year, the Congress shall complete action on the concurrent resolution on the budget referred to in subsection (a).

[(c) Reconciliation Process.—If a concurrent resolution is agreed to in accordance with subsection (a) containing directions to one or more committees to determine and recommend changes in laws, bills, or resolutions, and—

[(1) only one committee of the House or the Senate is directed to determine and recommend changes, that committee shall promptly make such determination and recommendations and report to its House a reconciliation bill or reconciliation resolution, or both, containing such recommendations; or

[(2) more than one committee of the House or the Senate is directed to determine and recommend changes, each such committee so directed shall promptly make such determination and recommendations, whether such changes are to be contained in a reconciliation bill or reconciliation resolution, and submit such recommendations to the Committee on the Budget of its House, which upon receiving all such recommendations, shall report to its House a reconciliation bill or reconciliation resolution, or both, carrying out all such recommendations without any substantive revision.

For purposes of this subsection, a reconciliation resolution is a concurrent resolution directing the Clerk of the House of Representatives or the Secretary of the Senate, as the case may be, to make specified changes in bills and resolutions which have not been enrolled.

[(d) Completion of Reconciliation Process.—Congress shall complete action on any reconciliation bill or reconciliation resolution reported under subsection (c) not later than September 25 of each year.

[(e) Procedure in the Senate.—

[(1) Except as provided in paragraph (2), the provisions of section 305 for the consideration in the Senate of concurrent resolutions on the budget and conference reports thereon shall also apply to the consideration in the Senate of reconciliation bills and reconciliation resolutions reported under subsection (c) and conference reports thereon.

[(2) Debate in the Senate on any reconciliation bill or resolution reported under subsection (c), and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than 20 hours.

[(f) Congress May Not Adjourn Until Action Is Completed.—It shall not be in order in either the House of Representatives or the Senate to consider any resolution providing for the adjournment sine die of either House unless action has been completed on the concurrent resolution on the budget required to be reported under subsection (a) for the fiscal year beginning on October 1 of such year, and, if a reconciliation bill or resolution, or both, is required to be reported under subsection (c) for such fiscal year, unless the Congress has completed action on that bill or resolution, or both.

[NEW BUDGET AUTHORITY, NEW SPENDING AUTHORITY AND REVENUE LEGISLATION MUST BE WITHIN APPROPRIATE LEVELS

[Sec. 311. (a) Legislation Subject to Point of Order.—After the Congress has completed action on the concurrent resolution on the budget required to be reported under section 310(a) for a fiscal year, and, if a reconciliation bill or resolution, or both, for such fiscal year are required to be reported under section 310(c), after that bill has been enacted into law or that resolution has been agreed to, it shall not be in order in either the House of Representatives or the Senate to consider any bill, resolution, or amendment providing additional new budget authority for such fiscal year, providing new spending authority described in section 401(c)(2)(C) to become effective during such fiscal year, or reducing revenues for such fiscal year, or any conference report on any such bill or resolution, if—

[(1) the enactment of such bill or resolution as reported;

[(2) the adoption and enactment of such amendment; or

[(3) the enactment of such bill or resolution in the form recommended in such conference report;

would cause the appropriate level of total new budget authority or total budget outlays set forth in the most recently agreed to concurrent resolution on the budget for such fiscal year to be exceeded, or would cause revenues to be less than the appropriate level of revenues set forth in such concurrent resolution.

[(b) Determination of Outlays and Revenues.—For purposes of subsection (a), the budget outlays to be made during a fiscal year and revenues to be received during a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the House of Representatives or the Senate, as the case may be.]

TITLE III—CONGRESSIONAL BUDGET PROCESS

TIMETABLE

Sec. 300. The timetable with respect to the congressional budget process for any fiscal year is as follows:

On or before:	*Action to be completed:*
First Monday after January 3	*President submits his budget.*
February 15	*Congressional Budget Office submits report to Budget Committees.*
February 25	*Committees submit views and estimates to Budget Committees.*
April 15	*Congress completes action on concurrent resolution on the budget.*
June 10	*House Appropriations Committee reports last regular appropriation bill.*
June 30	*House completes action on regular appropriation bills and reconciliation legislation.*
August 15	*Senate completes action on regular appropriation bills and reconciliation legislation.*
October 1	*Fiscal year begins.*

ANNUAL ADOPTION OF CONCURRENT RESOLUTION ON THE BUDGET

Sec. 301. (a) Content of Concurrent Resolution on the Budget.—On or before April 15 of each year, the Congress shall complete action on a concurrent resolution on the budget for the fiscal year beginning on October 1 of such year. The concurrent resolution shall set forth appropriate levels for the fiscal year beginning on October 1 of such year, and planning levels for each of the two ensuing fiscal years, for the following—

(1) totals of new budget authority, budget outlays, entitlement authority, direct loan obligations, and primary loan guarantee commitments;

(2) total Federal revenues and the amount, if any, by which the aggregate level of Federal revenues should be increased or decreased by bills and resolutions to be reported by the appropriate committees; and the amount (excluding the effect of changes in tax rates under existing law), if any, by which the aggregate level of tax expenditures should be increased or decreased by bills and resolutions to be reported by the appropriate committees;

(3) the surplus or the deficit in the budget;

(4) new budget authority, budget outlays, entitlement authority, direct loan obligations, and primary loan guarantee commitments for each major functional category, based on allocations of the total levels set forth pursuant to paragraph (1); and

(5) the public debt.

(b) ADDITIONAL MATTERS IN CONCURRENT RESOLUTION.—The concurrent resolution on the budget may—

(1) set forth, if required by subsection (f), the calendar year in which, in the opinion of the Congress, the goals for reducing unemployment set forth in section 4(b) of the Employment Act of 1946 should be achieved;

(2) include the reconciliation directives described in section 310; and

(3) set forth such other matters, and require such other procedures, relating to the budget as may be appropriate to carry out the purposes of this Act.

(c) CONSIDERATION OF PROCEDURES OR MATTERS WHICH HAVE THE EFFECT OF CHANGING ANY RULE OF THE HOUSE OF REPRESENTATIVES.—If the Committee on the Budget of the House of Representatives reports any concurrent resolution on the budget which includes any procedure or matter under subsection (b)(3) which has the effect of changing any rule of the House of Representatives, such concurrent resolution shall then be referred to the Committee on Rules with instructions to report it within five calendar days (not counting any day on which the House is not in session). The Committee on Rules shall have the jurisdiction to report any concurrent resolution referred to it under this paragraph with an amendment or amendments which change or strike out any such procedure or matter.

(d) VIEWS AND ESTIMATES OF OTHER COMMITTEES.—On or before February 25 of each year, each standing committee of the House of Representatives shall submit to the Committee on the Budget of the House and each standing committee of the Senate shall submit to the Committee on the Budget of the Senate its views and estimates (as determined by the committee making such submission) with respect to all matters set forth in subsections (a) and (b) which relate to matters within the jurisdiction or functions of such committee. The Joint Economic Committee shall submit to the Committees on the Budget of both Houses its recommendations as to the fiscal policy appropriate to the goals of the Employment Act of 1946. Any other committee of the House or Senate may submit to the Committee on the Budget of its House, and any joint committee of the Congress may submit to the Committees on the Budget of both Houses, its views and estimates with respect to all matters set forth in sub-

sections (a) and (b) which relate to matters within its jurisdiction or functions.

(e) Hearings and Report.—In developing the concurrent resolution on the budget referred to in subsection (a) for each fiscal year, the Committee on the Budget of each House shall hold hearings and shall receive testimony from Members of Congress and such appropriate representatives of Federal departments and agencies, the general public, and national organizations as the committee deems desirable. Each of the recommendations as to short-term and medium-term goals set forth in the report submitted by the members of the Joint Economic Committee under subsection (d) may be considered by the Committee on the Budget of each House as part of its consideration of such concurrent resolution, and its report may reflect its views thereon, and on how the estimates of revenues and levels of budget authority and outlays set forth in such concurrent resolution are designed to achieve any goals it is recommending. The report accompanying such concurrent resolution shall include, but not be limited to—

(1) a comparison of revenues estimated by the committee with those estimated in the budget submitted by the President;

(2) a comparison of the appropriate levels of total budget outlays and total new budget authority, total direct loan obligations, total primary loan guarantee commitments, and total entitlement authority, as set forth in such concurrent resolution, with those estimated and requested in the budget submitted by the President;

(3) with respect to each major functional category, an estimate of budget outlays and an appropriate level of new budget authority for all proposed programs and for all existing programs (including renewals thereof), with the estimate and level for existing programs being divided between permanent authority and funds provided in appropriation Acts, and each such division being subdivided between controllable amounts and all other amounts;

(4) an allocation of the level of Federal revenues recommended in the concurrent resolution among the major sources of such revenues;

(5) the economic assumptions and objectives which underlie each of the matters set forth in such concurrent resolution and alternative economic assumptions and objectives which the committee considered;

(6) projections, not limited to the following, for the period of five fiscal years beginning with such fiscal year of the estimated levels of total budget outlays, total new budget authority, the estimated revenues to be received, and the estimated surplus or deficit, if any, for each fiscal year in such period, and the estimated levels of tax expenditures (the tax expenditures budget) by major functional categories;

(7) a statement of any significant changes in the proposed levels of Federal assistance to State and local governments;

(8) a comparison of Federal priorities by functional category including budget authority and outlays, direct loan obligations and primary loan guarantee commitments, and tax expenditures; and

(9) information, data, and comparisons indicating the manner in which, and the basis on which, the committee determined each of the matters set forth in the concurrent resolution.

(f) Achievement of Goals for Reducing Unemployment.—

(1) If, pursuant to section 4(c) of the Employment Act of 1946, the President recommends in the Economic Report that the goals for reducing unemployment set forth in section 4(b) of such Act be achieved in a year after the close of the five-year period prescribed by such subsection, the concurrent resolution on the budget for the fiscal year beginning after the date on which such Economic Report is received by the Congress may set forth the year in which, in the opinion of the Congress, such goals can be achieved.

(2) After the Congress has expressed its opinion pursuant to paragraph (1) as to the year in which the goals for reducing unemployment set forth in section 4(b) of the Employment Act of 1946, can be achieved, if, pursuant to section 4(e) of such Act, the President recommends in the Economic Report that such goals be achieved in a year which is different from the year in which the Congress has expressed its opinion that such goals should be achieved, either in its action pursuant to paragraph (1) or in its most recent action pursuant to this paragraph, the concurrent resolution on the budget for the fiscal year beginning after the date on which such Economic Report is received by the Congress may set forth the year in which, in the opinion of the Congress, such goals can be achieved.

(3) It shall be in order to amend the provision of such resolution setting forth such year only if the amendment thereto also proposes to alter the estimates, amounts, and levels (as described in subsection (a)) set forth in such resolution in germane fashion in order to be consistent with the economic goals (as described in sections 3(a)(2) and 4(b) of the Employment Act of 1946) which such amendment proposes can be achieved by the year specified in such amendment.

(g) Common Economic Assumptions.—The joint explanatory statement accompanying a conference report on a concurrent resolution on the budget shall set forth the common economic assumptions upon which such joint statement and conference report are based.

COMMITTEE ALLOCATIONS

Sec. 302. (a) Allocation for Discretionary Action.—For purposes of controlling congressional action as described by sections 311 and 312, the report accompanying a concurrent resolution on the budget for a fiscal year and the joint explanatory statement accompanying a conference report on a concurrent resolution on the budget for a fiscal year shall include an allocation for discretionary action for such fiscal year, or for the total of such fiscal year and the ensuing fiscal year, or for the total for such fiscal year and each of the two ensuing years, based upon such concurrent resolution as reported or as recommended in such conference report, of new budget authority (excluding such authority to cover entitlement authority in the case of the Committee on Appropriations), new spending authority as described in section 401(c)(2), revenues, tax expenditures (ex-

cluding the effect of changes in tax rates under existing law), new direct loan obligations and new primary loan guarantee commitments to each committee of the House of Representatives and the Senate which has jurisdiction over bills and resolutions that would implement such action.

(b) REPORTS BY COMMITTEES.—As soon as practicable after a conference report on a concurrent resolution on the budget is agreed to—

(1) the Committee on Appropriations of each House shall, after consulting with the Committee on Appropriations of the other House, subdivide among its subcommittees the allocation for discretionary action allocated to it in the joint explanatory statement accompanying the conference report on such concurrent resolution; and

(2) every other committee of the House and Senate to which an allocation for discretionary action was made in such joint explanatory statement shall (except in the case of allocations for revenues and tax expenditures), after consulting with the committee or committees of the other House to which all or part of its allocation was made, subdivide its allocation among its subcommittees or among programs over which it has jurisdiction.

Each such committee shall promptly report to its House the subdivisions made by it pursuant to this subsection only if it is given a discretionary action allocation in the joint explanatory statement accompanying the conference report on such concurrent resolution.

(c) LEGISLATION SUBJECT TO POINT OF ORDER.—It shall not be in order in the House of Representatives or the Senate to consider any bill, resolution, amendment, or conference report providing budget authority, spending authority as described in section 401(c)(2), or credit authority within the jurisdiction of any committee until such committee reports to the House the subdivisions required by subsection (b) for the applicable year in connection with the most recently agreed to concurrent resolution on the budget.

(d) SUBSEQUENT CONCURRENT RESOLUTIONS.—In the case of a concurrent resolution on the budget referred to in section 304, the allocations under subsection (a) and the subdivisions under subsection (b) shall be required only to the extent necessary to take into account revisions made in the most recently agreed to concurrent resolution on the budget.

(e) DIVISION OF BUDGET TOTALS AMONG COMMITTEES.—For purposes of information, the report accompanying a concurrent resolution on the budget and the joint explanatory statement accompanying a conference report on a concurrent resolution on the budget shall include an estimated division, based upon such concurrent resolution recommended in such report or in such conference report of the appropriate levels of total budget outlays, total new budget authority, total direct loan obligations, and total primary loan guarantee commitments among each committee of the House of Representatives and the Senate which has jurisdiction over such authorities.

CONCURRENT RESOLUTION ON THE BUDGET MUST BE ADOPTED BEFORE LEGISLATION PROVIDING NEW BUDGET AUTHORITY, NEW SPENDING AUTHORITY, NEW CREDIT AUTHORITY OR CHANGES IN REVENUES OR THE PUBLIC DEBT LIMIT IS CONSIDERED

SEC. 303. (a) IN GENERAL.—It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution (or amendment thereto) as reported to the House or Senate which provides—

(1) new budget authority for a fiscal year;

(2) an increase or decrease in revenues to become effective during a fiscal year;

(3) an increase or decrease in the public debt limit to become effective during a fiscal year;

(4) new spending authority described in section 401(c)(2) to become effective during a fiscal year; or

(5) new credit authority for a fiscal year;

until the concurrent resolution on the budget for such fiscal year has been agreed to pursuant to section 301.

(b) EXCEPTIONS.—Subsection (a) does not apply to any bill or resolution (or amendment thereto) which—

(1) provides new budget authority which first becomes effective in the second fiscal year (or any fiscal year after the second fiscal year) following the fiscal year in which the bill or resolution (or amendment thereto) is to be considered by the House or Senate; or

(2) provides for increases or decreases in revenues which first become effective in the second fiscal year (or any fiscal year after the second fiscal year) following the fiscal year in which the bill or resolution (or amendment thereto) is to be considered by the House or Senate.

(c) WAIVER IN THE SENATE.—

(1) The committee of the Senate which reports any bill or resolution (or amendment thereto) to which subsection (a) applies may at or after the time it reports such bill or resolution (or amendment thereto), report a resolution to the Senate (A) providing for the waiver of subsection (a) with respect to such bill or resolution (or amendment thereto), and (B) stating the reasons why the waiver is necessary. The resolution shall then be referred to the Committee on the Budget of the Senate. That committee shall report the resolution to the Senate within 10 days after the resolution is referred to it (not counting any day on which the Senate is not in session) beginning with the day following the day on which it is so referred, accompanied by that committee's recommendations and reasons for such recommendations with respect to the resolution. If the committee does not report the resolution within such 10-day period, it shall automatically be discharged from further consideration of the resolution and the resolution shall be placed on the calendar.

(2) During the consideration of any such resolution, debate shall be limited to one hour, to be equally divided between, and controlled by, the majority leader and minority leader or their designees, and the time on any debatable motion or appeal shall be limited to twenty minutes, to be equally divided be-

tween, and controlled by, the mover and the manager of the resolution. In the event the manager of the resolution is in favor of any such motion or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from the time under their control on the passage of such resolution, allot additional time to any Senator during the consideration of any debatable motion or appeal. No amendment to the resolution is in order.

(3) If, after the Committee on the Budget has reported (or been discharged from further consideration of) the resolution, the Senate agrees to the resolution, then subsection (a) shall not apply with respect to the bill or resolution (or amendment thereto) to which the resolution so agreed to applies.

PERMISSIBLE REVISIONS OF CONCURRENT RESOLUTIONS ON THE BUDGET

SEC. 304. SUBSEQUENT CONCURRENT RESOLUTIONS.—At any time after the concurrent resolution on the budget for a fiscal year has been agreed to pursuant to section 301, and before the end of such fiscal year, the two Houses may adopt a concurrent resolution on the budget which revises the concurrent resolution on the budget for such fiscal year most recently agreed to.

PROVISIONS RELATING TO THE CONSIDERATION OF CONCURRENT RESOLUTIONS ON THE BUDGET

SEC. 305. (a) PROCEDURE IN HOUSE OF REPRESENTATIVES AFTER REPORT OF COMMITTEE; DEBATE.—

(1) When the Committee on the Budget of the House has reported any concurrent resolution on the budget, it is in order at any time after the fifth day (excluding Saturdays, Sundays, and legal holidays) following the day on which the report upon such resolution by the Committee on the Budget has been available to Members of the House and, if applicable, after the first day (excluding Saturdays, Sundays, and legal holidays) following the day on which a report upon such resolution by the Committee on Rules pursuant to section 301(c) has been made available to Members of the House (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the concurrent resolution. The motion is highly privileged and is not debatable. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) General debate on any concurrent resolution on the budget in the House of Representatives shall be limited to not more than 10 hours, which shall be divided equally between the majority and minority parties, plus such additional hours of debate as are consumed pursuant to paragraph (3). A motion further to limit debate is not debatable. A motion to recommit the concurrent resolution is not in order, and it is not in order to move to reconsider the vote by which the concurrent resolution is agreed to or disagreed to.

(3) Following the presentation of opening statements on the concurrent resolution on the budget for a fiscal year by the

chairman and ranking minority member of the Committee on the Budget of the House, there shall be a period of up to four hours for debate on economic goals and policies.

(4) Only if a concurrent resolution on the budget reported by the Committee on the Budget of the House sets forth the economic goals (as described in sections 3(a)(2) and 4(b) of the Full Employment Act of 1946) which the estimates, amounts, and levels (as described in section 301(a)) set forth in such resolution are designed to achieve, shall it be in order to offer to such resolution an amendment relating to such goals, and such amendment shall be in order only if it also proposes to alter such estimates, amounts, and levels in germane fashion in order to be consistent with the goals proposed in such amendment.

(5) Consideration of any concurrent resolution on the budget by the House of Representatives shall be in the Committee of the Whole, and the resolution shall be considered for amendment under the five-minute rule in accordance with the applicable provisions of rule XXIII of the Rules of the House of Representatives. After the Committee rises and reports the resolution back to the House, the previous question shall be considered as ordered on the resolution and any amendments thereto to final passage without intervening motion; except that it shall be in order at any time prior to final passage (notwithstanding any other rule or provision of law) to adopt an amendment (or a series of amendments) changing any figure or figures in the resolution as so reported to the extent necessary to achieve mathematical consistency.

(6) Debate in the House of Represenatives on the conference report on any concurrent resolution on the budget shall be limited to not more than 5 hours, which shall be divided equally between the majority and minority parties. A motion further to limit debate is not debatable. A motion to recommit the conference report is not in order, and it is not in order to move to reconsider the vote by which the conference report is agreed to or disagreed to.

(7) Appeals from decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to any concurrent resolution on the budget shall be decided without debate.

(b) Procedure in Senate After Report of Committee; Debate; Amendments.—

(1) Debate in the Senate on any concurrent resolution on the budget, and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than 50 hours, except that with respect to any concurrent resolution referred to in section 304(a), all such debate shall be limited to not more than 15 hours. The time shall be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

(2) Debate in the Senate on any amendment to a concurrent resolution on the budget shall be limited to 2 hours, to be equally divided between, and controlled by, the mover and the manager of the concurrent resolution, and debate on any amendment to an amendment, debatable motion, or appeal shall be

limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the concurrent resolution, except that in the event the manager of the concurrent resolution is in favor of any such amendment, motion, or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee. No amendment that is not germane to the provisions of such concurrent resolution shall be received. Such leaders, or either of them, may, from the time under their control on the passage of the concurrent resolution, allot additional time to any Senator during the consideration of any amendment, debatable motion, or appeal.

(3) Following the presentation of opening statements on the concurrent resolution on the budget for a fiscal year by the chairman and ranking minority member of the Committee on the Budget of the Senate, there shall be a period of up to four hours for debate on economic goals and policies.

(4) Only if a concurrent resolution on the budget reported by the Committee on the Budget of the Senate sets forth the economic goals (as described in sections 3(a)(2) and 4(b) of the Employment Act of 1946), which the estimates, amounts, and levels (as described in section 301(a)) set forth in such resolution are designed to achieve, shall it be in order to offer to such resolution an amendment relating to such goals, and such amendment shall be in order only if it also proposes to alter such estimates, amounts, and levels in germane fashion in order to be consistent with the goals proposed in such amendment.

(5) A motion to further limit debate is not debatable. A motion to recommit (except a motion to recommit with instructions to report back within a specified number of days, not to exceed 3, not counting any day on which the Senate is not in session) is not in order. Debate on any such motion to recommit shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the concurrent resolution.

(6) Notwithstanding any other rule, an amendment or series of amendments to a concurrent resolution on the budget proposed in the Senate shall always be in order if such amendment or series of amendments proposes to change any figure or figures then contained in such concurrent resolution so as to make such concurrent resolution mathematically consistent or so as to maintain such consistency.

(c) CONSIDERATION OF PROCEDURES OR MATTERS WHICH HAVE THE EFFECT OF CHANGING ANY RULE OF THE HOUSE OF REPRESENTATIVES.—

(1)(A) With respect to any report of a committee of conference on a concurrent resolution on the budget called up before the House containing any procedure or matter under section 301(b)(3) which has the effect of changing any rule of the House of Representatives and which was not included in the measure as passed by the House, it shall be in order, at any time after the reading of the report has been completed or dispensed with and before the reading of the statement, or immediately upon consideration of a conference report if clause 2(c) of Rule XXVIII of the Rules of the House of Representatives applies, to

offer a motion, which is of high privilege, that the House reject such procedure or matter. It shall be in order to debate such motion for forty minutes, one-half of such time to be given to debate in favor of, and one-half in opposition to, the motion.

(B) Notwithstanding the final disposition of any motion made under this paragraph, it shall be in order to offer further motions to reject with respect to other procedures or matters in the report of the committee of conference not covered by any previous motion to reject.

(C) If any such motion to reject has been adopted, after final disposition of all such motions under the preceding provisions of this paragraph, and after final disposition of all points of order and motions to reject under clause 4 of Rule XXVIII of the Rules of the House of Representatives, the conference report shall be considered as rejected and the question then pending before the House shall be—

(i) whether to recede and concur in the Senate amendment with an amendment which shall consist of that portion of the conference report not rejected; or

(ii) whether to insist further on the House amendment.

If all such motions to reject are defeated, then, after the allocation of time for debate on the conference report as provided in clause 2(a) of Rule XXVIII of the Rules of the House of Representatives, it shall be in order to move the previous question on the adoption of the conference report.

(2)(A) With respect to any amendment (including an amendment in the nature of a substitute) which—

(i) is proposed by the Senate to any concurrent resolution on the budget and thereafter—

(I) is reported in disagreement between the two Houses by a committee of conference; or

(II) is before the House, the stage of disagreement having been reached; and

(ii) contains any procedure or matter under section 301(b)(3) which has the effect of changing any rule of the House of Representatives and which was not included in the measure as passed the House;

it shall be in order, immediately after a motion is offered that the House recede from its disagreement to such amendment proposed by the Senate and concur therein and before debate is commenced on such motion, to offer a motion, which is of high privilege, that the House reject the procedure or matter. It shall be in order to debate such motion for forty minutes, one-half of such time to be given to debate in favor of, and one-half in opposition to, the motion.

(B) Notwithstanding the final disposition of any motion made under subparagraph (A), it shall be in order to offer further such motions with respect to other procedures or matters in the amendment proposed by the Senate not covered by any previous motion to reject.

(C) If any such motion to reject has been adopted, after final disposition of all motions to reject under the preceding provisions of this paragraph, and after final disposition of all points of order and motions to reject under clause 5 of Rule XXVIII of

the Rules of the House of Representatives, the motion to recede and concur shall be considered as rejected, and further motions—

(i) to recede and concur in the Senate amendment with an amendment, where appropriate (but the offering of which is not in order unless copies of the language of the Senate amendment, as proposed to be amended by such motion, are then available on the floor when such motion is offered and is under consideration);

(ii) to insist upon disagreement to the Senate amendment and request a further conference with the Senate; and

(iii) to insist upon disagreement to the Senate amendment;

shall remain of high privilege for consideration by the House. If all such motions to reject are defeated, then, after the allocation of time for debate on the motion to recede and concur as provided in clause 2(b) of Rule XXVIII of the Rules of the House of Representatives, it shall be in order to move the previous question on such motion.

(D)(i) With respect to any such amendment proposed by the Senate as described in subparagraph (A)(i) of this paragraph, it shall not be in order to offer any motion that the House recede from its disagreement to such Senate amendment and concur therein with an amendment, unless copies of the language of the Senate amendment, as proposed to be amended by such motion, are then available on the floor when such motion is offered and is under consideration.

(ii) Immediately after any such motion is offered and is in order and before debate is commenced on such motion, it shall be in order to offer a motion, which is of high privilege, that the House reject any procedure or matter under section 301(b)(3) which has the effect of changing any rule of the House of Representatives which is contained in the Senate amendment as proposed to be amended by such motion or which is contained in the proposed amendment to the Senate amendment, and which was not included in the concurrent resolution on the budget as passed by the House. It shall be in order to debate such motion for forty minutes, one-half of such time to be given to debate in favor of, and one-half in opposition to, the motion.

(iii) Notwithstanding the final disposition of any motion under clause (ii), it shall be in order to make further such motions with respect to other procedures or matters in the language of the Senate amendment, as proposed to be amended by the motion, or in the proposed amendment to the Senate amendment, not covered by any previous motion to reject.

(E) If any such motion to reject has been adopted, after final disposition of all motions to reject under the preceding provisions of this paragraph, and after final disposition of all points of order and motions to reject under clause 5 of Rule XXVIII of the Rules of the House of Representatives, the motion to recede and concur in the Senate amendment with an amendment shall be considered as rejected, and further motions—

(i) to recede and concur in the Senate amendment with an amendment, where appropriate (but the offering of

which is not in order unless copies of the language of the Senate amendment, as proposed to be amended by such motion, are then available on the floor when such motion is offered and is under consideration);

(ii) to insist upon disagreement to the Senate amendment and request a further conference with the Senate; and

(iii) to insist upon disagreement to the Senate amendment;

shall remain of high privilege for consideration by the House. If all such motions to reject are defeated, then, after the allocation of time for debate on the motion to recede and concur in the Senate amendment with an amendment as provided in clause 2(b) of Rule XXVIII of the Rules of the House of Representatives, it shall be in order to move the previous question on such motion.

(F) If, on a division of a motion that the House recede and concur, with or without amendment, from its disagreement to any such Senate amendment as described in subparagraph (A) of this paragraph, the House agrees to recede, then, before debate is commenced on concurring in such Senate amendment, or on concurring therein with an amendment, it shall be in order to make motions to reject with respect to such Senate amendment in accordance with applicable provisions of this clause and to effect final determination of these matters in accordance with such provisions.

(d) ACTION ON CONFERENCE REPORTS IN THE SENATE.—

(1) The conference report on any concurrent resolution on the budget shall be in order in the Senate at any time after the third day (excluding Saturdays, Sundays, and legal holidays) following the day on which such a conference report is reported and is available to Members of the Senate. A motion to proceed to the consideration of the conference report may be made even though a previous motion to the same effect has been disagreed to.

(2) During the consideration in the Senate of the conference report on any concurrent resolution on the budget, debate shall be limited to 10 hours, to be equally divided between them, and controlled by, the majority leader and minority leader or their designees. Debate on any debatable motion or appeal related to the conference report shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the conference report.

(3) Should the conference report be defeated, debate on any request for a new conference and the appointment of conferees shall be limited to 1 hour, to be equally divided between, and controlled by, the manager of the conference report and the minority leader or his designee, and should any motion be made to instruct the conferees before the conferees are named, debate on such motion shall be limited to one-half hour, to be equally divided between, and controlled by, the mover and the manager of the conference report. Debate on any amendment to any such instructions shall be limited to 20 minutes, to be equally divided between and controlled by the mover and the manager of the conference report. In all cases when the manager of the confer-

ence report is in favor of any motion, appeal, or amendment, the time in opposition shall be under the control of the minority leader or his designee.

(4) In any case in which there are amendments in disagreement, time on each amendment shall be limited to 30 minutes, to be equally divided between, and controlled by, the manager of the conference report and the minority leader or his designee. No amendment that is not germane to the provisions of such amendments shall be received.

(e) REQUIRED ACTION BY CONFERENCE COMMITTEE.—If at the end of 7 days (excluding Saturdays, Sundays, and legal holidays) after the conferees of both Houses have been appointed to a committee of conference on a concurrent resolution on the budget, the conferees are unable to reach agreement with respect to all matters in disagreement between the two Houses, then the conferees shall submit to their respective Houses, on the first day thereafter on which their House is in session—

(1) a conference report recommending those matters on which they have agreed and reporting in disagreement those matters on which they have not agreed; or

(2) a conference report in disagreement, if the matter in disagreement is an amendment which strikes out the entire text of the concurrent resolution and inserts a substitute text.

(f) CONCURRENT RESOLUTION MUST BE CONSISTENT IN THE SENATE.—It shall not be in order in the Senate to vote on the question of agreeing to—

(1) a concurrent resolution on the budget unless the figures then contained in such resolution are mathematically consistent; or

(2) a conference report on a concurrent resolution on the budget unless the figures contained in such resolution, as recommended in such conference report, are mathematically consistent.

LEGISLATION DEALING WITH CONGRESSIONAL BUDGET MUST BE HANDLED BY BUDGET COMMITTEES

SEC. 306. No bill or resolution, and no amendment to any bill or resolution, dealing with any matter which is within the jurisdiction of the Committee on the Budget of either House shall be considered in that House unless it is a bill or resolution which has been reported by the Committee on the Budget of that House (or from the consideration of which such committee has been discharged) or unless it is an amendment to such a bill or resolution.

HOUSE COMMITTEE ACTION ON ALL APPROPRIATION BILLS TO BE COMPLETED BY JUNE 10

SEC. 307. On or before June 10 of each year, the Committee on Appropriations of the House of Representatives shall report bills and resolutions providing new budget authority under the jurisdiction of all of its subcommittees for the fiscal year which begins on October 1 of that year.

REPORTS, SUMMARIES, AND PROJECTIONS OF CONGRESSIONAL BUDGET ACTIONS

SEC. 308. (a) REPORTS ON LEGISLATION PROVIDING NEW BUDGET AUTHORITY, NEW SPENDING AUTHORITY, NEW CREDIT AUTHORITY, OR PROVIDING AN INCREASE OR DECREASE IN REVENUES OR TAX EXPENDITURES.—

(1) Whenever a committee of either House reports to its House a bill or resolution, or committee amendment thereto, providing new budget authority (other than continuing appropriations), new spending authority described in section 401(c)(2), new credit authority, or providing an increase or decrease in revenues or tax expenditures for a fiscal year, the report accompanying that bill or resolution shall contain a statement, or the committee shall make available such a statement in the case of an approved committee amendment which is not reported to its House, prepared after consultation with the Director of the Congressional Budget Office—

(A) comparing the discretionary action levels in any such measure to the allocations for discretionary action in the reports submitted under section 302 for the most recently agreed to concurrent resolution on the budget for such fiscal year;

(B) setting forth outlays estimated to result from any such measure for such fiscal year;

(C) including an identification of any new spending authority described in section 401(c)(2) which is contained in any such measure and a justification for the use of such financing method instead of annual appropriations;

(D) containing a projection by the Congressional Budget Office of how any such measure will affect the levels of such spending authority, revenues, tax expenditures, direct loan obligations, or primary loan guarantee commitments under existing law for such fiscal year and each of the four ensuing fiscal years; and

(E) setting forth the level of new budget authority for assistance to State and local governments provided by any such measure.

(2) Whenever a conference report is filed in either House and such conference report or amendment reported in disagreement or an amendment to be proposed by the conferees in the case of technical disagreement on such bill or resolution provides new budget authority (other than continuing appropriations), new spending authority described in section 401(c)(2), or new credit authority, or provides an increase or decrease in revenues or tax expenditures for a fiscal year, the committee, after consultation with the Director of the Congressional Budget Office, shall make available to Members at least two hours prior to consideration of such conference report by the House of Representatives or Senate the matters described under subsection (a)(1). It shall not be in order to consider a conference report if this paragraph has not been complied with.

(b) UP-TO-DATE TABULATIONS OF CONGRESSIONAL BUDGET ACTIONS.—The Director of the Congressional Budget Office shall issue

to the committees of the House and the Senate monthly reports detailing and tabulating the progress of congressional action on bills and resolutions providing new budget authority, new spending authority described in section 401(c)(2), new credit authority, or providing an increase or decrease in revenues or tax expenditures for a fiscal year. Such reports shall include, but are not limited to—

(1) an up-to-date tabulation comparing the appropriate aggregate and functional levels included in the most recently adopted concurrent resolution on the budget with levels provided in bills and resolutions reported by committees or adopted by either House or by the Congress; and

(2) an up-to-date tabulation comparing levels of discretionary action for a fiscal year in bills and resolutions reported by committees or adopted by either House or by the Congress with allocations for discretionary action in reports submitted under section 302.

(c) FIVE-YEAR PROJECTION OF CONGRESSIONAL BUDGET ACTION.—As soon as practicable after the beginning of each fiscal year, the Director of the Congressional Budget Office shall issue a report projecting for the period of 5 fiscal years beginning with such fiscal year—

(1) total new budget authority and total budget outlays for each fiscal year in such period;

(2) revenues to be received and the major sources thereof, and the surplus or deficit, if any, for each fiscal year in such period;

(3) tax expenditures for each fiscal year in such period;

(4) entitlement authority for each fiscal year in such period; and

(5) credit authority for each fiscal year in such period.

APPROVAL OF REGULAR APPROPRIATION BILLS

SEC. 309. (a) APPROVAL BY THE HOUSE.—It shall not be in order in the House of Representatives to consider any resolution providing for an adjournment period of more than three calendar days during the month of July until the House of Representatives has approved bills and resolutions providing new budget authority under the jurisdiction of all the subcommittees of the Committee on Appropriations for the fiscal year beginning on October 1 of such year, other than supplemental, deficiency, and continuing appropriation bills and resolutions.

(b) APPROVAL BY THE SENATE.—Not later than August 15 of each year, the Senate shall approve bills and resolutions providing new budget authority under the jurisdiction of all the subcommittees of the Committee on Appropriations for the fiscal year beginning on October 1 of such year.

RECONCILIATION

SEC. 310. (a) INCLUSION OF RECONCILIATION DIRECTIVES IN CONCURRENT RESOLUTIONS ON THE BUDGET.—Any concurrent resolution on the budget may, to the extent necessary to effectuate the provisions and requirements of such resolution specify the total amount for such fiscal year, or the total amount for such fiscal year and the *ensuing fiscal year, or the total amount for such fiscal year and the two ensuing fiscal years by which—*

(1) budget authority;

(2) spending authority described in section 401(c)(2);

(3) credit authority;

(4) revenues; or

(5) tax expenditures (excluding the effect of changes in tax rates under existing law);

provided by laws, bills, and resolutions within the jurisdiction of a committee is to be changed and direct that committee to recommend legislation to accomplish a change of such total amount.

(b) LEGISLATIVE PROCEDURE.—If a concurrent resolution is agreed to in accordance with subsection (a) containing directives to one or more committees to determine and recommend changes in laws, bills, or resolutions, and—

(1) only one committee of the House or the Senate is directed to determine and recommend changes, that committee shall promptly make such determination and recommendations and report to its House reconciliation legislation containing such recommendations; or

(2) more than one committee of the House or the Senate is directed to determine and recommend changes, each such committee so directed shall promptly make such determination and recommendations and submit such recommendations to the Committee on the Budget of its House, which, upon receiving all such recommendations, shall report to its House reconciliation legislation carrying out all such recommendations without any substantive revision.

(c) RECONCILIATION NOT APPLICABLE TO CHANGES IN LEVELS OF AUTHORIZATION TO ENACT BUDGET AUTHORITY.—It shall not be in order in the House of Representatives or Senate to consider any concurrent resolution on the budget or amendment thereto or conference report thereon which contains directions to one or more committees to change laws, bills, or resolutions to increase or decrease an authorization for enactment of budget authority within their jurisdictions for any fiscal year.

(d) PROCEDURE IN THE HOUSE OF REPRESENTATIVES.—The Committee on Rules of the House of Representatives may make in order amendments to achieve changes specified by reconciliation directives contained in a concurrent resolution on the budget if a committee or committees of the House fail to submit recommended changes to its Committee on the Budget pursuant to its instruction.

(e) PROCEDURE IN THE SENATE.—

(1) Except as provided in paragraph (2), the provisions of section 305 for the consideration in the Senate of concurrent resolutions on the budget and conference reports thereon shall also apply to the consideration in the Senate of reconciliation bills reported under subsection (b) and conference reports thereon.

(2) Debate in the Senate on any reconciliation bill reported under subsection (b), and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than 20 hours.

(f) COMPLETION OF RECONCILIATION PROCESS IN THE HOUSE OF REPRESENTATIVES AND IN THE SENATE.—

(1) It shall not be in order in the House of Representatives to consider any resolution providing for an adjournment period for more than three calendar days during the month of July until the House of Representatives has completed action on the reconciliation legislation for the fiscal year beginning on October 1 of the calendar year to which the adjournment resolution pertains, if reconciliation legislation is required to be reported by the concurrent resolution on the budget for such fiscal year.

(2) Not later than August 15 of each year, the Senate shall complete action on the reconciliation legislation for the fiscal year beginning on October 1 of such year, if reconciliation legislation is required to be reported by the concurrent resolution on the budget for such fiscal year.

NEW BUDGET AUTHORITY, NEW SPENDING AUTHORITY, NEW CREDIT AUTHORITY, AND REVENUE LEGISLATION MUST BE WITHIN APPROPRIATE LEVELS

SEC. 311. (a) LEGISLATION SUBJECT TO POINT OF ORDER.—Except as provided by subsection (b), after the Congress has completed action on a concurrent resolution on the budget for a fiscal year, it shall not be in order in either the House of Representatives or the Senate to consider any bill, resolution, or amendment providing new budget authority, new spending authority described in section 401(c)(2), or new credit authority to become effective during such fiscal year, or reducing revenues for such fiscal year, or any conference report on any such bill or resolution, if—

(1) the enactment of such bill or resolution as reported;

(2) the adoption and enactment of such amendment; or

(3) the enactment of such bill or resolution in the form recommended in such conference report;

would cause the appropriate level of total new budget authority, total budget outlays, total entitlement authority, total direct loan obligations, or total primary loan guarantee commitments set forth in the most recently agreed to concurrent resolution on the budget for such fiscal year to be exceeded, or would cause revenues to be less than the appropriate level of total revenues set forth in such concurrent resolution.

(b) EXCEPTION.—Subsection (a) shall not apply to bills, resolutions, or amendments within the jurisdiction of a committee, or any conference report on any such bill or resolution, if—

(1) the enactment of such bill or resolution as reported;

(2) the adoption and enactment of such amendment; or

(3) the enactment of such bill or resolution in the form recommended in such conference report;

would not cause the allocation for discretionary action for such committee of new budget authority, new spending authority as described in section 401(c)(2), new direct loan obligations or new primary loan guarantee commitments made pursuant to section 302(a) for such fiscal year, or for the total of such fiscal year and the ensuing fiscal year, or for the total of such fiscal year and the two ensuing years to be exceeded, or would not cause revenues to be lower than the allocation of revenues, or tax expenditures (excluding the effect of changes in tax rates under existing law) to be higher than *the allocation of tax expenditures, made to such committee pursuant to section 302(a) for the fiscal year, or for the total of such fiscal year and the ensuing fiscal year, or for the total of such fiscal year and the two ensuing years.*

(c) DETERMINATION OF BUDGET LEVELS.—For purposes of this section, the levels of new budget authority, direct loan obligations, primary loan guarantee commitments, budget outlays, spending authority as described by section 401(c)(2), and revenues for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the House of Representatives or of the Senate, as the case may be.

COMMITTEE ALLOCATION CONTROLS

SEC. 312. (a) LEGISLATION SUBJECT TO POINT OF ORDER.—After the Congress has completed action on a concurrent resolution on the budget for a fiscal year, it shall not be in order in either the House of Representatives or the Senate to consider any bill, resolution, or amendment providing new budget authority, new spending authority as described in section 401(c)(2), or new credit authority to become effective during such fiscal year or in a subsequent fiscal year, increasing tax expenditures (excluding the effect of changes in tax rates under existing law), or reducing revenues for such fiscal year or for a subsequent fiscal year, or any conference report on any such bill or resolution, if—

(1) the enactment of such bill or resolution as reported;

(2) the adoption and enactment of such amendment; or

(3) the enactment of such bill or resolution in the form recommended in such conference report;

would cause an allocation for discretionary action to a committee made pursuant to section 302(a) for such fiscal year (or, if such allocation is for the total of such fiscal year and the ensuing fiscal year, then the two-year total; or, if such allocation is for the total of such fiscal year and the two ensuing fiscal years, then the three-year total) of new budget authority, new spending authority as described in section 401(c)(2), new direct loan obligations and new primary loan guarantee commitments, tax expenditure increases (excluding the effect of changes in tax rates under existing law), or revenue reductions to be exceeded.

(b) DETERMINATION OF BUDGET LEVELS.—For purposes of this section, the levels of new budget authority, budget outlays, spending authority as described in section 401(c)(2), direct loan obligations, primary loan guarantee commitments, tax expenditures, and revenues for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget of the House of Representatives or of the Senate, as the case may be.

TITLE IV—ADDITIONAL PROVISIONS TO IMPROVE FISCAL PROCEDURES

BILLS PROVIDING NEW SPENDING AUTHORITY

SEC. 401. (a) *CONTROLS ON* LEGISLATION PROVIDING CONTRACT OR BORROWING AUTHORITY.—It shall not be in order in either the House of Representatives or the Senate to consider any bill [or resolution], *resolution, or conference report, as reported to its House* which provides new spending authority described in subsection (c)(2) (A) or (B) (or any amendment which provides such new spending authority), unless that bill, resolution, *conference report,* or amendment also provides that such new spending authority is to be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.

[(b) Legislation Providing Entitlement Authority.—

[(1) It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution which provides new spending authority described in subsection (c)(2)(C) (or any amendment which provides such new spending authority) which is to become effective before the first day of the fiscal year which begins during the calendar year in which such bill or resolution is reported.

[(2) If any committee of the House of Representatives or the Senate reports any bill or resolution which provides new spending authority described in subsection (c)(2)(C) which is to become effective during a fiscal year and the amount of new budget authority which will be required for such fiscal year if such bill or resolution is enacted as so reported exceeds the appropriate allocation of new budget authority reported under section 302(b) in connection with the most recently agreed to concurrent resolution on the budget for such fiscal year, such bill or resolution shall then be referred to the Committee on Appropriations of that House with instructions to report it, with the committee's recommendations, within 15 calendar days (not counting any day on which that House is not in session) beginning with the day following the day on which it is so referred. If the Committee on Appropriations of either House fails to report a bill or resolution referred to it under this paragraph within such 15-day period, the committee shall automatically be discharged from further consideration of such bill or resolution and such bill or resolution shall be placed on the appropriate calendar.

[(3) The Committee on Appropriations of each House shall have jurisdiction to report any bill or resolution referred to it under paragraph (2) with an amendment which limits the total amount of new spending authority provided in such bill or resolution.]

(b) Controls on Provisions of Legislation Providing Other New Spending Authority.—No provision of any bill, joint resolution, or resolution shall be reported by any committee, or be in order in any amendment thereto or conference report thereon, in the House of Representatives or the Senate, which provides new spending authority as described in subsection (c)(2)(D) or (E) unless that bill, joint resolution, or resolution, as reported, or amendment thereto or conference report thereon, also provides that such new spending authority is to be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts. A question of order on such new spending authority may be raised at any time.

(c) Definitions.—

(1) For purposes of this section, the term "new spending authority" means spending authority not provided by law on the effective date of this section, including any increase in or addition to spending authority provided by law on such date, *except for subparagraphs (D) and (E) of paragraph (2), for which "new spending authority" for purposes of this section means spending authority not provided by law on the effective date of those subparagraphs, including any increase in or addition to spending authority provided by law on such date.*

(2) for purposes of paragraph (1), the term "spending authority" means authority (whether temporary or permanent)—

(A) to enter into contracts under which the United States is obligated to make outlays, the budget authority for which is not provided in advance by appropriation Acts;

(B) to incur indebtedness (other than indebtedness incurred under the Second Liberty Bond Act) for the repayment of which the United States is liable, the budget authority for which is not provided in advance by appropriation Acts; **[**and**]**

(C) to make payments (including loans and grants), the budget authority for which is not provided for in advance by appropriation Acts, to any person or government if, under the provisions of the law containing such authority, the United States is obligated to make such payments to persons or governments who meet the requirements established by such law **[**.**]***;*

(D) to forego collection of proprietary offsetting receipts, the budget authority for which is not provided in advance by appropriation Acts to offset such foregone receipts; and

(E) to make payments (including loans, grants, and payments from revolving funds) other than those covered by subparagraph (A), (B), (C), or (D), the budget authority for which is not provided in advance by appropriation Acts.

Such term does not include authority to insure or guarantee the repayment of indebtedness incurred by another person or government.

* * * * * * *

(e) ESTIMATES.—For purposes of this Act, estimates of new entitlement authority shall be measured as the cost increase or decrease from law as such law exists at the time of consideration of a bill, resolution, or conference report providing such entitlement authority. Estimates of new entitlement authority for entitlements financed by trust funds or revolving funds shall be based on estimated outlays from such funds.

[REPORTING OF AUTHORIZING LEGISLATION

[SEC. 402. (a) REQUIRED REPORTING DATE.—Except as otherwise provided in this section, it shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution which, directly or indirectly, authorizes the enactment of new budget authority for a fiscal year, unless that bill or resolution is reported in the House or the Senate, as the case may be, on or before May 15 preceding the beginning of such fiscal year.

[(b) EMERGENCY WAIVER IN THE HOUSE.—If the Committee on Rules of the House of Representatives determines that emergency conditions require a waiver of subsection (a) with respect to any bill or resolution, such committee may report, and the House may consider and adopt, a resolution waiving the application of subsection (a) in the case of such bill or resolution.

[(c) WAIVER IN THE SENATE.—

[(1) The committee of the Senate which reports any bill or resolution may, at or after the time it reports such bill or resolution, report a resolution to the Senate (A) providing for the waiver of subsection (a) with respect to such bill or resolution, and (B) stating the reasons why the waiver is necessary. The resolution shall then be referred to the Committee on the Budget of the Senate. That committee shall report the resolution to the Senate, within 10 days after the resolution is referred to it (not counting any day on which the Senate is not in session) beginning with the day following the day on which it is so referred accompanied by that committee's recommendations and reasons for such recommendations with respect to the resolution. If the committee does not report the resolution within such 10-day period, it shall automatically be discharged from further consideration of the resolution and the resolution shall be placed on the calendar.

[(2) During the consideration of any such resolution, debate shall be limited to one hour, to be equally divided between, and controlled by, the majority leader and the minority leader or their designees, and the time on any debatable motion or appeal shall be limited to 20 minutes, to be equally divided between, and controlled by, the mover and the manager of the resolution. In the event the manager of the resolution is in favor of any such motion or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from the time under their control on the passage of such resolution, allot additional time to any Senator during the consideration of any debatable motion or appeal. No amendment to the resolution is in order.

[(3) If, after the Committee on the Budget has reported (or been discharged from further consideration of) the resolution, the Senate agrees to the resolution, then subsection (a) of this section shall not apply with respect to that bill or resolution referred to in the resolution.

[(d) CERTAIN BILLS AND RESOLUTIONS RECEIVED FROM OTHER HOUSE.—Notwithstanding the provisions of subsection (a), if under that subsection it is in order in the House of Representatives to consider a bill or resolution of the House, then it shall be in order to consider a companion or similar bill or resolution of the Senate; and if under that subsection it is in order in the Senate to consider a bill or resolution of the Senate, then it shall be in order to consider a companion or similar bill of the House of Representatives.

[(e) EXCEPTIONS.—

[(1) Subsection (a) shall not apply with respect to new spending authority described in section 401(c)(2)(C).

[(2) Subsection (a) shall not apply with respect to new budget authority authorized in a bill or resolution for any provision of the Social Security Act if such bill or resolution also provides new spending authority described in section 401(c)(2)(C) which, under section 401(d)(1)(A), is excluded from the application of section 401(b).

[(f) Study of Existing Spending Authority and Permanent Appropriations.—The Committees on Appropriations of the House of Representatives and the Senate shall study on a continuing basis those provisions of law, in effect on the effective date of this section, which provide spending authority or permanent budget authority. Each committee shall, from time to time, report to its House its recommendations for terminating or modifying such provisions.]

LEGISLATION PROVIDING NEW CREDIT AUTHORITY

Sec. 402. (a) Controls on Legislation Providing New Credit Authority.—It shall not be in order in either the House of Representatives or the Senate to consider any bill, resolution, or conference report, as reported to its House, or any amendment which provides new credit authority described in subsection (b)(1), unless that bill, resolution, conference report, or amendment also provides that such new credit authority is to be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.

(b) Definitions.—

(1) For purposes of this Act, the term "new credit authority" means credit authority not provided by law on the effective date of this section, including any increase in or addition to credit authority provided by law on such date.

(2) For purposes of this Act, the term "credit authority" means authority to incur direct loan obligations or to incur primary loan guarantee commitments.

ANALYSIS BY CONGRESSIONAL BUDGET OFFICE

Sec. 403. (a) The Director of the Congressional Budget Office shall, to the extent practicable, prepare for each bill or resolution of a public character reported by any committee of the House of Representatives or the Senate (except the Committee on Appropriations of each House), and submit to such committee—

(1) an estimate of the costs which would be incurred in carrying out such bill or resolution in the fiscal year in which it is to become effective and in each of the 4 fiscal years following such fiscal year, together with the basis for each such estimate;

(2) an estimate of the cost which would be incurred by State and local governments in carrying out or complying with any significant bill or resolution in the fiscal year in which it is to become effective and in each of the four fiscal years following such fiscal year, together with the basis for each such estimate; [and]

(3) a comparison of the estimates *of costs described in paragraph (1) and* [*with any available estimates of costs made by such committee or by any Federal agency*[.]*; and*

(2)*(4) a description of each method for establishing a Federal financial commitment contained in such bill or resolution.*

The estimates [and comparison], *comparison, and description* so submitted shall be included in the report accompanying such bill or resolution if timely submitted to such committee before such report is filed.

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STUDY BY THE GENERAL ACCOUNTING OFFICE OF FORMS OF FEDERAL FINANCIAL COMMITMENT THAT ARE NOT REVIEWED ANNUALLY BY CONGRESS

SEC. 405. The General Accounting Office shall study those provisions of law which provide spending authority as described by section 401(c)(2), and report to the Congress its recommendations for the appropriate form of financing for activities or programs financed by such provisions not later than eighteen months after the effective date of this section. Such report shall be revised from time to time.

OFF-BUDGET AGENCIES, PROGRAMS AND ACTIVITIES

SEC. 406. (a) Notwithstanding any other provision of law, budget authority, credit authority, and estimates of outlays and receipts for all activities of the Federal Financing Bank, the Rural Electrification Administration and Rural Telephone Bank, the Strategic Petroleum Reserve Account, the United States Synthetic Fuels Corporation, the United States Railway Association, the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, and the Federal Hospital Insurance Trust Fund shall be included in a budget submitted pursuant to section 1105 of title 31, United States Code, and in a concurrent resolution on the budget reported pursuant to section 301 of the Congressional Budget Act of 1974 and shall be considered, for purposes of such Act, budget authority, outlays, and spending authority in accordance with definitions set forth in such Act.

(b) All receipts and disbursements of the Federal Financing Bank with respect to any obligations which are issued, sold, or guaranteed by a Federal agency shall be treated as a means of financing such agency for purposes of section 1105 of title 31, United States Code, and for purposes of the Congressional Budget Act of 1974. Amounts of loans guaranteed by a Federal agency which are financed by the Bank shall be included as outlays of such agency.

(c) If any committee reports any bill or resolution containing a provision or provisions having the effect of exempting any department, agency, program or activity of the United States Government from the provisions of section 1105 of title 31, United States Code, or the provisions of the Congressional Budget Act of 1974, such bill or resolution shall be referred to the Committee on Government Operations, and the Committee on Government Operations shall have the jurisdiction to report any bill or resolution referred to it under this section with an amendment or amendments, which change or strike out any such provision or provisions.

MEMBER USER GROUP

SEC. 407. The Speaker of the House of Representatives, after consulting with the Minority Leader of such House, shall appoint a Member User Group for the purpose of reviewing budgetary scorekeeping rules and practices of the House and advising the Speaker from time to time on the effect and impact of such rules and practices. Estimates made by the House Budget Committee under section 311 and section 312 shall be made in accordance with such scorekeeping rules and practices.

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TITLE VI—AMENDMENTS TO BUDGET AND ACCOUNTING ACT, 1921

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BUDGET DATA BASED ON CONTINUATION OF EXISTING LEVEL OF SERVICES

SEC. 605. (a) [On or before November 10 of each year (beginning with 1975)] *On or before the first Monday after January 3 of each year (beginning with 1985),* the President shall submit to the Senate and the House of Representatives the estimated outlays and proposed budget authority which would be included in the Budget to be submitted pursuant to section 201 of the Budget and Accounting Act, 1921, for the ensuing fiscal year if all programs and activities were carried on during such ensuing fiscal year at the same level as the fiscal year in progress and without policy changes in such programs and activities. The estimated outlays and proposed budget authority submitted pursuant to this section be shown by function and subfunctions (in accordance with the classifications in the budget summary table entitled "Budget Authority and Outlays by Function and Agency"), by major programs within each such function, and by agency. Accompanying these estimates shall be the economic and programmatic assumptions underlying the estimated outlays and proposed budget authority, such as the rate of inflation, the rate of real economic growth, the unemployment rate, program caseloads, and pay increases.

* * * * * * *

[STUDY OF OFF-BUDGET AGENCIES

[SEC. 606. The Committees on the Budget of the House of Representatives and the Senate shall study on a continuing basis those provisions of law which exempt agencies of the Federal Government, or any of their activities or outlays, from inclusion in the Budget of the United States Government transmitted by the President under section 201 of the Budget and Accounting Act, 1921. Each committee shall, from time to time, report to its House its recommendations for terminating or modifying such provisions.]

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TITLE VIII—FISCAL AND BUDGETARY INFORMATION AND CONTROLS

*   *   *   *   *   *   *

CHANGES IN FUNCTIONAL CATEGORIES

SEC. 802. Any change in the functional categories set forth in the Budget of the United States Government transmitted pursuant to section 201 of the Budget and Accounting Act, 1921, shall be made only in consultation with the Committees on Appropriations and the Budget of the House of Representatives and Senate. *Committees of the House of Representatives and Senate shall receive prompt notification of all such changes.*

* * * * * * *

CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974

SHORT TITLES; TABLE OF CONTENTS

SECTION 1. (a) SHORT TITLES.—This Act may be cited as the "Congressional Budget and Impoundment Control Act of 1974". Titles I through IX may be cited as the "Congressional Budget Act of 1974", and title X may be cited as the "Impoundment Control Act of 1974".

(b) TABLE OF CONTENTS.—

Sec. 1. Short titles; table of contents.

*   *   *   *   *   *   *

[TITLE III—CONGRESSIONAL BUDGET PROCESS

[Sec. 300. Timetable.
[Sec. 301. Adoption of first concurrent resolution.
[Sec. 302. Matters to be included in joint statement of managers; reports by committees.
[Sec. 303. First concurrent resolution on the budget must be adopted before legislation providing new budget authority, new spending authority, or changes in revenues or public debt limit is considered.
[Sec. 304. Permissible revisions of concurrent resolutions on the budget.
[Sec. 305. Provisions relating to the consideration of concurrent resolutions on the budget.
[Sec. 306. Legislation dealing with congressional budget must be handled by budget committees.
[Sec. 307. House committee action on all appropriation bills to be completed before first appropriation bill is reported.
[Sec. 308. Reports, summaries, and projections of congressional budget actions.
[Sec. 309. Completion of action on bills providing new budget authority and certain new spending authority.
[Sec. 310. Second required concurrent resolution and reconciliation process.
[Sec. 311. New budget authority, new spending authority, and revenue legislation must be within appropriate levels.]

TITLE III—CONGRESSIONAL BUDGET PROCESS

Sec. 300. Timetable.
Sec. 301. Annual adoption of concurrent resolution on the budget.
Sec. 302. Committee allocations.
Sec. 303. Concurrent resolution on the budget must be adopted before legislation providing new budget authority, new spending authority, new credit authority or changes in revenues or the public debt limit is considered.
Sec. 304. Permissible revisions of concurrent resolutions on the budget.

Sec. 305. Procedures relating to consideration of concurrent resolutions on the budget.
Sec. 306. Legislation dealing with congressional budget must be handled by budget committees.
Sec. 307. House committee action on all appropriation bills to be completed by June 10.
Sec. 308. Reports, summaries, and projections of congressional budget actions.
Sec. 309. Approval of regular appropriation bills.
Sec. 310. Reconciliation.
Sec. 311. New budget authority, new spending authority, new credit authority, and revenue legislation must be within appropriate levels.
Sec. 312. Committee allocation controls.

TITLE IV—ADDITIONAL PROVISIONS TO IMPROVE FISCAL PROCEDURES

Sec. 401. Bills providing new spending authority.
[Sec. 402. Reporting of authorizing legislation.]
Sec. 402. Legislation providing new credit authority.
Sec. 403. Analyses by Congressional Budget Office.
Sec. 404. Jurisdiction of Appropriations Committees.
Sec. 405. Study by the General Accounting Office of forms of Federal financial commitment that are not reviewed annually by Congress.
Sec. 406. Off-budget agencies, programs, and activities.
Sec. 407. Member user group.

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TITLE VI—AMENDMENTS TO BUDGET AND ACCOUNTING ACT, 1921

Sec. 601. Matters to be included in President's budget.
Sec. 602. Midyear review.
Sec. 603. Five-year budget projections.
Sec. 604. Allowances for supplemental budget authority and uncontrollable outlays.
Sec. 605. Budget data based on continuation of existing level of services.
[Sec. 606. Study of off-budget agencies.]
Sec. 607. Year-ahead requests for authorization of new budget authority.

* * * * * * *

DEFINITIONS

SEC. 3. IN GENERAL.—For purposes of this Act—

(1) * * *

(2) The term "budget authority" means aurhority provided by law to enter into obligations which will result in immediate or future outlays involving Government funds *or to collect offsetting receipts,* except that such term does not include authority to insure or guarantee the repayment of indebtedness incurred by another person or government.

* * * * * * *

(4) The term "concurrent resolution on the budget" means—

(A) a concurrent resolution setting forth the congressional budget for the United States Government for a fiscal year as provided in section 301; *and*

[(B) a concurrent resolution reaffirming or revising the congressional budget for the United States Govenment for a fiscal year as provided in section 310; and]

[(C)] *(B)* any other concurrent resolution revising the congresssonal budget for the United States Government for a fiscal year as described in section 304.

* * * * * * *

(6) The term "allocation for discretionary action" means an amount for control of congressional action to increase or de-

crease levels under current law of budget authority (excluding such authority to cover entitlement authority in the case of the Committee on Appropriations), direct loan obligations or primary loan guarantee commitments, spending authority as described by section 401(c)(2), revenues, and tax expenditures (excluding the effect of changes in tax rates under existing law).

(7) The term "entitlement authority" means spending authority described by section 401(c)(2)(C).

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TITLE 31, UNITED STATES CODE

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SUBTITLE II—THE BUDGET PROCESS

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CHAPTER 11—THE BUDGET AND FISCAL, BUDGET, AND PROGRAM INFORMATION

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§ 1105. Budget contents and submission to Congress

(a) [During the first 15 days of each regular session of Congress,] *On or before the first Monday after January 3 of each year,* the President shall submit a budget of the United States Government for the following fiscal year. Each budget shall include a budget message and summary and supporting information. *Not later than two weeks after submission of the budget, the Office of Management and Budget shall submit to Congress the text of legislation necessary to implement budget proposals affecting revenues and spending authority as described in section 401(c)(2)(C) of the Congressional Budget Act of 1974.* The President shall include in each budget the following:

(1) information on activities and functions of the Government.

* * * * * * *

§ 1106. Supplemental budget estimates and changes

(a) * * *

(b) Before [April 11 and] July 16 of each year, the President shall submit to Congress a statement of changes in budget authority requested, estimated budget outlays, and estimated receipts for the fiscal year for which the budget is submitted (including prior changes proposed for the executive branch of the Government) that the President decides are necessary and appropriate based on current information. The statement shall include the effect of those changes on the information submitted under section 1105(a)(1)–(14) and (b) of this title and shall include supporting information as practicable. The statement submitted before July 16 may be included in the information submitted under subsection (a)(1) of this section.

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§1109. Current programs and activities estimates

(a) [Before November 11 of each year,] *On or before the first Monday after January 3 of each year,* the President shall submit to both Houses of Congress the estimated budget outlays and proposed budget authority that would be included in the budget for the following fiscal year if programs and activities of the United States Government were carried on during that year at the same level as the current fiscal year without a change in policy. The President shall state the estimated budget outlays and proposed budget authority by function and subfunction under the classifications in the budget summary table under the heading "Budget Authority and Outlays by Function and Agency", by major programs in each function, and by agency. The President also shall include a statement of the economic and program assumptions on which those budget outlays and budget authority are based, including inflation, real economic growth, and unemployment rates, program caseloads, and pay increases.

* * * * * * *

CHANGES IN THE RULES OF THE HOUSE OF REPRESENTATIVES MADE BY THE BILL AS REPORTED

For the information of the Members of the House of Representatives, changes in the Rules of the House of Representatives made by the bill as reported, are shown as follows (existing matter proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing matter in which no change is proposed is shown in roman):

RULES OF THE HOUSE OF REPRESENTATIVES

* * * * * * *

RULE X

ESTABLISHMENT AND JURISDICTION OF STANDING COMMITTEES.

The Committees and Their Jurisdiction

1. There shall be in the House the following standing committees, each of which shall have the jurisdiction and related functions assigned to it by this clause and clauses 2, 3, and 4; and all bills, resolutions, and other matters relating to subjects within the jurisdiction of any standing committee as listed in this clause shall (in accordance with and subject to clause 5) be referred to such committees, as follows:

(a) Committee on Agriculture. * * *

* * * * * * *

(j) Committee on Government Operations.

(1) * * *

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(6) Budgetary treatment of agencies or programs referred to the committee pursuant to section 406 of the Congressional Budget Act of 1974.

* * * * * * *

Special Oversight Functions

3. (a) * * *

* * * * * * *

(i) The Committee on Rules shall have the function of reviewing and studying, on a continuing basis, the congressional budget process, and the committee shall, from time to time, report its findings and recommendations to the House.

Additional Functions of Committees

4. (a)(1)(A) * * *

* * * * * * *

(b) The Committee on the Budget shall have the duty—

(1) to review on a continuing basis the conduct by the Congressional Budget Office of its functions and duties;

(2) to hold hearings, and receive testimony from Members of Congress and such appropriate representatives of Federal departments and agencies, the general public, and national organizations as it deems desirable, in developing the [first concurrent resolution] *concurrent resolutions* on the budget for each fiscal year;

* * * * * * *

(g) Each standing committee of the House shall, on or before [March 15] *February 25* of each year, submit to the Committee on the Budget (1) its views and estimates with respect to all matters to be set forth in the concurrent resolution on the budget for the ensuing fiscal year which are within its jurisdiction of functions, and (2) an estimate of the total amounts of new budget authority, and budget outlays resulting therefrom, to be provided or authorized in all bills and resolutions within its jurisdiction which it intends to be effective during that fiscal year. The views and estimates submitted by the Committee on Ways and Means under the preceding sentence shall include a specific recommendation, made after holding public hearings, as to the appropriate level of the public debt which should be set forth in the concurrent resolution on the budget referred to in such sentence and serve as the basis for an increase or decrease in the statutory limit on such debt under the procedures provided by rule XLIX.

* * * * * * *

Election and Membership of Committees; Chairmen; Vacancies; Select and Conference Committees

6. (a)(1) The standing committees specified in clause 1 shall be elected by the House **[**at**]** *within the seventh calendar day beginning after* the commencement of each Congress, from nominations submitted by the respective party caucuses. *It shall always be in order to consider resolutions recommended by the respective party caucuses to change the composition of standing committees.*

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RULE XI.

RULES OF PROCEDURES FOR COMMITTEES.

In General

1. (a)(1) * * *

* * * * * * *

Committee Rules

Adoption of written rules

2. (a) * * *

* * * * * * *

Committee procedures for reporting bills and resolutions

(l)(1)(A) It shall be the duty of the chairman of each committee **[**(except as provided in subdivision (C))**]** to report or cause to be reported promptly to the House any measure approved by the committee and to take or cause to be taken necessary steps to bring the matter to a vote.

* * * * * * *

[(C) Before reporting the first regular appropriation bill for each fiscal year, the Committee on Appropriations shall, to the extent practicable and in accordance with section 307 of the Congressional Budget Act of 1974, complete subcommittee markup and full committee action on all regular appropriation bills for that year and submit to the House a summary report comparing the committee's recommendations with the appropriate levels of budget outlays and new budget authority as set forth in the most recently agreed to concurrent resolution on the budget for that year.**]**

* * * * * * *

(3) The report of any committee on a measure which has been approved by the committee (A) shall include the oversight findings and recommendations required pursuant to clause 2(b)(1) of Rule X separately set out and clearly identified; (B) the statement required by section 308(a)(1) of the Congressional Budget Act of 1974, separately set out and clearly identified, if the measure provides **[**new budget authority or new or increased tax expenditures**]** new budget authority (other than continuing appropriations), new spending authority described in section 401(c)(2) of such Act, new

credit authority, or an increase or decrease in revenue or tax expenditures, (C) the estimate and comparison prepared by the Director of the Congressional Budget Office under section 403 of such Act, separately set out and clearly identified, whenever the Director (if timely submitted prior to the filing of the report) has submitted such estimate and comparison to the committee; and (D) a summary of the oversight findings and recommendations made by the Committee on Government Operations under clause 4(c)(2) of Rule X separately set out and clearly identifies whenever such findings and recommendations have been submitted to the legislative committee in a timely fashion to allow an opportunity to consider such findings and recommendations during the committee's delibertions on the measure.

* * * * * * *

Rule XXI.

ON BILLS.

1. * * *

2. (a) No appropriation shall be reported in any general appropriation bill, or shall be in order as an amendment thereto, for any expenditure not previously authorized by law, except to continue appropriations for public works and objects which are already in progress.

(b) No provision changing existing law shall be reported in any general appropriation bill except germane provisions which retrench expenditures by the reduction of amounts of money covered by the bill, which may include those recommended to the Committee on Appropriations by direction of any legislative committee having jurisdiction over the subject matter thereof, *and except recissions of appropriations contained in appropriation Acts.*

* * * * * * *

6. No general appropriation bill or amendment thereto shall be received or considered if it contains a provision reappropiating unexpended ballances of appropriations; except that thie provision shall not apply to appropriations in continuation of appropriations for public works on which work has commenced, *and shall not apply to transfers of unexpended balances within the department or agency for which they were originally appropriated, reported by the Committee on Appropriations.*

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Rule XXVII.

CHANGE OR SUSPENSION OF RULES.

1. * * *

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5. (a) It shall not be in order to consider under suspension of the rules any bill or resolution (or an amendment thereto as proposed to be passed under suspension of the rules) which—

(1) provides new budget authority (as defined in section 3(2) of the Congressional Budget and Impoundment Control Act of 1974);

(2) provides new credit authority described in section 402(b)(1) of such Act;

(3) provides new spending authority described in section 401(c)(2)(C) of such Act; or

(4) increases or decreases revenues or tax expenditures;

in an amount which is in excess of $10,000,000. For purposes of this clause, the levels of new budget authority, new credit authority, new spending authority, revenues, and tax expenditures shall be determined on the basis of estimates made by the Committee on the Budget.

(b) It shall not be in order to consider under suspension of the rules any bill or resolution (or an amendment thereto as proposed to be passed under suspension of the rules) which provides new spending authority as described in section 401(c)(2) (A), (B), (D), or (E) of such Act. This paragraph does not apply to the exceptions described by section 401(d) of such Act.

* * * * * * *

RULE XLIX.

ESTABLISHMENT OF STATUTORY LIMIT ON THE PUBLIC DEBT.

1. Upon the adoption by the Congress (under section 301[, 304, or 310] *or 304* of the Congressional Budget Act of 1974) of any concurrent resolution on the budget setting forth as the appropriate level of the public debt for the period to which such concurrent resolution relates an amount which is different from the amount of the statutory limit on the public debt that would otherwise be in effect for such period, the enrolling clerk of the House of Representatives shall prepare an engrossment of a joint resolution, in the form prescribed in clause 2, increasing or decreasing the statutory limit on the public debt by an amount equal to the difference between such limit and such appropriate level. The vote by which the conference report on the concurrent resolution on the budget was agreed to in the House (or by which the concurrent resolution itself was adopted in the House, if there is no conference report) shall be deemed to have been a vote in favor of such joint resolution upon final passage in the House of Representatives. Upon the engrossment of such joint resolution it shall be deemed to have passed the House of Representatives and been duly certified and examined; the engrossed copy shall be signed by the Clerk and transmitted to the Senate for further legislative action; and (upon final passage by both Houses) the joint resolution shall be signed by the presiding officers of both Houses and presented to the President for his signature (and otherwise treated for all purposes) in the manner provided for bills and joint resolutions generally.

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APPENDIXES

- A. Published documents of the Rules Committee Task Force on the Budget Process
- B. Interim proposal: H. Res. 65
- C. Major alternative proposals considered by the Task Force on the Budget Process
  - H.R. 2777—Target Resolution Approach
  - H.R. 2025—Single Binding Resolution Approach
  - H. Res. 213—Omnibus Budget Bill Approach
  - H.R. 750—Biennial Budget Approach
- D. Draft proposal: Comprehensive budget bill approach
- E. Background on selected issues addressed by the Task Force on the Budget Process
  - Timetable (Authorizations, Appropriations, Budget Resolutions)
  - Credit
  - Tax Expenditures
  - Off-budget Federal Entities
- F. Detailed outline of H.R. 5247

A. PUBLISHED DOCUMENTS OF THE RULES COMMITTEE TASK FORCE ON THE BUDGET PROCESS

(1) "Congressional Budget Process", Hearings Before the Task Force on the Budget Process, Committee on Rules, September 15, 17, 23, 29, 1983.

(2) "Congressional Budget Process," Hearings Before the Task Force on the Budget Process, Committee on Rules, April 29, 1983.

(3) "Discussion Drafts—Proposals to Improve the Congressional Budget Process," Task Force on the Budget Process, Committee on Rules, 98th Congress, 2nd Session. (January, 1984)

(4) "Congressional Budget Process" Hearings Before the Task Force on the Budget Process, Committee on Rules, February 8 and 9, 1984 (TO BE PRINTED).

(5) "Issue Presentations Before the Task Force on the Budget Process," Task Force on the Budget Process, Committee on Rules, 98th Congress, 2nd Session. (TO BE PRINTED).

B. INTERIM PROPOSAL: H. RES. 65

H. Res. 65 was proposed by the Task Force on the Budget Process in February, 1983 to facilitate the budget process in the House of Representatives during the 98th Congress. H. Res. 65 was not considered by the House. However, most of the provisions of H. Res. 65 (and associated informal initiatives) have been incorporated into the task force's final recommendations.

This appendix contains:

(1) H. Res. 65

(2) Memorandum explaining provisions of H. Res. 65 and associated informal initiatives.

IV

98TH CONGRESS
1ST SESSION

H. RES. 65

To improve the budget process within the House of Representatives.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 8, 1983

Mr. BEILENSON (for himself, Mr. FROST, Mr. BONIOR of Michigan, and Mr. HALL of Ohio) submitted the following resolution; which was referred to the Committee on Rules

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RESOLUTION

To improve the budget process within the House of Representatives.

Resolved, That (a) if the Committee on the Budget reports any concurrent resolution on the budget which includes any procedure which has the effect of changing any rule of the House (except reconciliation instructions as provided for in section 310 of the Congressional Budget Act of 1974 in the case of any concurrent resolution reported under section 310(a) of such Act), such concurrent resolution shall then be referred to the Committee on Rules with instructions to report it within five calendar days (not counting any day on which the House is not in session). The Committee on Rules shall have the jurisdiction to report any concurrent resolution referred to it under this subsection with an amendment or amendments which change or strike out any such procedure or matters.

(b) It shall not be in order in the House to consider any concurrent resolution on the budget or amendment thereto or conference report thereon which contains directions to one or more committees to change laws, bills, or resolutions to increase or decrease an authorization for enactment of budget authority (other than spending authority as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974) within their jurisdictions for any fiscal year.

(c)(1) Notwithstanding section 302(b) of the Congressional Budget Act of 1974, a committee is only required to subdivide its allocations and report to the House the subdivisions made by it of discretionary action amounts allocated to the committee in the joint explanatory statement accompanying the conference report on the most recently agreed to concurrent resolution on the budget.

(2) It shall not be in order in the House to consider any bill, resolution, amendment, or conference report providing budget authority or spending authority as described in section 401(c)(2)(C) of the Congressional Budget Act of 1974 within the jurisdiction of any committee unless and until such committee reports to the House the subdivisions required by

paragraph (1) in connection with the most recently agreed to concurrent resolution on the budget.

(d)(1) Neither section 401(b)(2) of the Congressional Budget Act of 1974 nor clause 4(a)(2) of rule X of the Rules of the House of Representatives shall apply to any bill or resolution which, on the basis of estimates made by the Congressional Budget Office, would provide new spending authority as described in section 401(c)(2)(C) of the Congressional Budget Act of 1974 of not to exceed $5,000,000.

(2) Section 402(a) of the Congressional Budget Act of 1974 shall not apply to any bill or resolution which, directly or indirectly, authorizes the enactment of new budget authority for a fiscal year of not to exceed $5,000,000.

(e)(1) The point of order set forth in section 303(a), section 401(a), section 401(b)(1), or section 402(a) of the Congressional Budget Act of 1974 shall not apply to any bill or resolution if such bill or resolution, as reported to the House, would not be in violation of such section.

(2) The point of order established by section 402(a) of the Congressional Budget Act of 1974 is deemed to apply so as to preclude consideration in the House of any committee amendment which, directly or indirectly, authorizes the enactment of new budget authority for a fiscal year, unless the committee amendment is reported in the House on or before May 15 preceding the beginning of such fiscal year.

(f) Notwithstanding section 303(b) of the Congressional Budget Act of 1974, section 303(a) of such Act shall apply to any bill or resolution unless the bill or resolution—

(1) provides new budget authority which first becomes effective in the second fiscal year (or any fiscal year after the second fiscal year) following the fiscal year in which the bill or resolution is to be considered by the House; or

(2) increases or decreases revenues which first become effective in the second fiscal year (or any fiscal year after the second fiscal year) following the fiscal year in which the bill or resolution is to be considered by the House.

(g)(1) Any concurrent resolution on the budget required to be reported under section 301(d) of the Congressional Budget Act of 1974 may be reported, and the report accompanying it may be filed, in the House notwithstanding that the House is not in session on the day on which such concurrent resolution is reported.

(2) Notwithstanding section 305(a)(1) of the Congressional Budget Act of 1974, when the Committee on the Budget has reported any concurrent resolution on the budget, it is in order at any time after the fifth legislative day following the day on which the report upon such resolution has

been available to Members to move, pursuant to such section, to proceed to consideration of the concurrent resolution.

(h) Section 307 of the Congressional Budget Act of 1974 shall not apply in the House of Representatives.

(i) For purposes of this resolution:

(1) The term "budget authority" shall have the meaning given such term by paragraph (2) of section 3 of the Congressional Budget Act of 1974.

(2) The term "concurrent resolution on the budget" shall have the meaning given such term by paragraph (4) of section 3 of such Act.

(j) The provisions of this resolution are repealed immediately prior to noon on January 3, 1985.

February 8, 1983

MEMORANDUM

TO: Members of Rules Committee

FROM: Tony Beilenson

RE: Proposed Procedural Changes to Facilitate FY 1984 Budget Process

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I. Background

The Task Force on the Budget Process is proposing for your consideration and ultimately for adoption by the House several procedural changes that can be implemented quickly and that will facilitate consideration of the FY 1984 budget by the House. These changes are discussed in part III of this memorandum.

In tandem with the formal procedural changes, Task Force Members are pursuing certain other initiatives informally through meetings with the Speaker, Chairman Pepper, Chairman Jones and ranking members of other committees most involved in the budget process. I consider these informal initiatives as important as the related formal change proposals and I request your support for and participation in them.

II. Informal Initiatives

A major difficulty with the Budget Act is that its efficient operation in the House presupposes close coordination and understanding between the Budget Committee, the Rules Committee, other affected committees and the bipartisan leadership. However, the Act does not adequately provide for such coordination. In this context, the consultation and understanding reached between Chairmen Jones and Dingell in the December Democratic Caucus meeting are highly significant. I believe it is necessary to build on such efforts and the informal meetings that I and other Members of the Task Force have undertaken constitute an attempt to do this. The initiatives include:

(1) Attempting to reach an agreement whereby the Budget Committee will report early on its proposed procedural guidelines for this year's budgetary legislation. The Rules Committee, through its Task Force on the Budget Process, will serve as a forum for the House to examine and better understand these procedures at an early stage of the process.

(2) (a) Working with the Speaker and Minority Leader to establish a bipartisan task force of Members to work out consistent interpretations of budgetary duties and resolve the differences that inevitably arise during implementation of the first budget resolution. This task force could, for example, agree on reconciliation guidelines, definitions and lists of mandatory programs, suggestions to ensure accurate

and timely §302(a) crosswalks in conference reports, and other matters.

(b) Working with the Joint Committee on Printing to allow the Budget Committee to routinely publish relevant budget process documents in the Record in a timely manner without regard to length of material restrictions. These could include such items as early warning reports on individual spending and revenue bills, scorekeeping reports on overall budget status, and a CBO analysis of the President's budget as amended.

(3) Working with the Speaker to develop a schedule for floor consideration of budgetary legislation and to conduct planning sessions with committee chairmen.

(4) Working with the full Rules Committee to limit floor amendments to the first budget resolution to relatively few significant fiscal policy and budget priority alternatives, and to provide the House with adequate and timely information on budget amendments.

(5) Regularizing Budget Committee scorekeeping efforts to add predictability and consistency to the process and eliminate much of the politics surrounding the procedure itself. This could be accomplished by (a) requiring regular current level reports to be filed with the House measuring spending and revenue levels to date against the ceilings in place, and (b) printing and making available the scorekeeping rules used by the House Budget Committee.

III. Proposed Changes in House Budgetary Procedures to be Enacted by Resolution

Introduction. This part of the Memorandum describes limited and temporary procedural changes proposed for the budget process of the House of Representatives only. They are intended to deal immediately with minor problems that appeared to inhibit the smooth operation of the process in the recent past. These changes are offered as a simple resolution rather than as an amendment to the Rules of the House, and will therefore expire at the end of the Congress. During this year, if these changes are adopted, the Task Force on the Budget Process will monitor the operation of these provisions as well as continue to analyze major issues in Congressional Budgeting.

(1) Improve Operation of Sections of the Budget Act that Permit Procedural Changes to be Made by Budget Resolution

Issue. Fundamental changes in the budget process have been effected in the first budget resolution under the authority of the following two sections of the Act:

° §301(b)(1) provides that a first budget resolution may require all or certain budget authority and/or entitlement bills not to be enrolled until adoption of the second budget resolution or until adoption of reconciliation if directed in the second resolution.

- §301(b)(2) states that "The first concurrent resolution on the budget may also require _any other procedure_ which is considered appropriate to carry out the purposes of the Act."

Recent procedural changes include deferred enrollment for spending bills in excess of their subcommittee [§302(b)] spending allocation, multi-year budgeting, credit budgeting, reconciliation in the first resolution and last year's provision that if no second resolution is adopted, the first resolution shall become the second.

These changes often have been initiated with little prior consultation between Budget and other affected committees, and they often have been implemented without adequate explanation.

Recommendation. Provide for automatic sequential referral of budget resolutions to the Rules Committee for not to exceed five days if the budget resolution contains procedures not specifically required by the Congressional Budget Act that affect the operation of the Rules of the House. The Rules Committee would be authorized to report the resolution with a committee amendment modifying or striking the procedural sections.

This proposal does not change the current jurisdiction of either the Rules or Budget Committees. It will merely establish in the Rules Committee a forum for the House and its leadership to examine and understand proposed budget procedures early in the annual budget cycle.

(2) _Reconciliation of Authorizations_

Issue. The Gramm-Latta substitute to the first budget resolution for FY 1982 contained reconciliation instructions that provided in part for cuts in the authorized level of discretionary appropriations. This process is unnecessary since appropriations are controlled through budget resolution allocations of discretionary budget authority to the Appropriations Committee.

Recommendation. Provide that it is not in order in a budget resolution to direct an authorizing committee to reconcile the authorized level of discretionary accounts.

(3) _Filing of §302(b) Subdivisions_

Issue. §302(b) of the Act requires committees receiving a spending allocation under the first budget resolution to divide the allocation among subcommittees of jurisdiction. This report is essential for scorekeeping and for triggering sanctions such as deferred enrollment which might be ordered in the first resolution. However, for many committees that do not receive an allocation for which they must report a bill (i.e., a discretionary allocation), subdividing is unnecessary for scorekeeping or enforcement and wastes the committee's time. On the other hand, some committees which do receive a discretionary allocation neglect to report a subdivision to the House on a timely basis, thereby frustrating scorekeeping and enforcement.

Recommendation. To ease the burden of filing 302(b) subdivisions by waiving filing where a subcommittee receives no discretionary spending allocation, and to better enforce the 302(b) subdivision by preventing consideration of spending bills reported by committees that should have filed 302(b) discretionary allocations but did not.

(4) De Minimus Rules

Issue. Two sections of the Act, 402(a)--requiring authorizations to be reported by May 15--and 401(b)(2)--subjecting new entitlement authority in excess of a 302 allocation to sequential referral to the Appropriations Committee--are phrased in absolute terms and tend to catch bills with minor and unintended authorization or entitlement provisions.

Recommendation. Exempt from §§402(a) and 401(b)(2) bills estimated at less than $5 million.

(5) Eliminate Loopholes and Technical Points of Order under Certain Sections of the Budget Act

Issue. This proposal concerns three timetable reporting requirements and a prohibition against backdoor contract and borrowing authority contained in the Act. These provisions are:

§303(a)	Prohibiting consideration of any bill, resolution or amendment containing new spending or changes in taxes or debt limit prior to the adoption of the first budget resolution.
§401(a)	Prohibiting consideration of any bill, resolution or amendment containing backdoor contract or borrowing authority.
§401(b)(1)	Prohibiting consideration of any bill, resolution or amendment carrying new entitlement authority effective before October 1.
§402(a)	Prohibiting consideration of any authorization bill or resolution (but not any amendment) unless reported by May 15 preceding the fiscal year for which it is effective.

Because of the way in which the four provisions are drafted, a bill or resolution will be deemed to have violated one of them even if, as reported by committee, the legislation is in complete conformity with the Budget Act. This is the problem of technical violations and technical waivers. On the other hand, Section 402(a) contains a loophole allowing committees to report a late authorization via committee amendment.

Recommendation. That §§303(a), 401(a), 401(b)(1) and 402(a) shall apply to all amendments reported by a committee. These sections shall not apply to an original bill or resolution unless the bill or resolution is reported without committee amendments or the committee amendments do not cure a violation in the original legislation.

(6) Advance Spending or Tax Bills

Issue. Section 303(a) states that budget legislation--budget authority, entitlement, debt or tax bills--cannot be considered until the first budget resolution for the year to which these bills apply is in place. Section 303(b) states an exception to this rule intended to allow such traditional practices as advance appropriation for Public Broadcasting and phased-in tax changes. However, section 303(b) is poorly drafted and could be interpreted as nullifying section (a) by allowing the claim that an "early" budget bill is merely a "late" bill from the previous year making advance spending, tax or debt changes. Several years ago the House Parliamentarian and Budget Committee worked out an interpretation of 303(b) whereby October 1 was the cutoff date for budgetary legislation effective in future fiscal years for which the first budget resolution has not yet been agreed to.

Recommendation. Redraft Section 303(b) to conform to current House practice.

(7) Timetable for Reporting of the First Budget Resolution

Issue. The House and its Budget Committee operate on a very tight schedule for consideration of the first budget resolution. Action by the committee must await receipt of certain reports in late March, and must be completed by the April 15 statutory reporting date [§301(d)]. Timing is further complicated by the annual Easter recess, which usually falls in early April and during which the Budget Committee may not file except by unanimous consent. After reporting, the budget resolution must lay over for 10 days before it can be considered by the House. Completion of the first resolution is necessary for consideration of other spending or tax legislation.

Recommendation. Expedite consideration of the first budget resolution by allowing the Budget Committee to file while the House is in recess and by shortening the ten-day layover period to five legislative days.

(8) Strike §307 from the Congressional Budget Act

Issue. §307 provides that, to the extent practicable the House Appropriations Committee shall (1) complete subcommittee and full committee action on all regular appropriations bills, and (2) submit a summary report to the House comparing appropriations action with the budget resolution targets--all prior to reporting the first appropriation bill to the House.

The purpose of this provision is to promote more coordinated consideration of appropriations bills by doing them all together. The section, however, has failed in two ways. First, because of late authorizations and for other reasons the Appropriations Committee has not found it possible to report its bills together. Second, some bills are ready on time in June but, in the attempt to report all bills simultaneously, the early ones are delayed. This result contributes to a sense of lack of urgency about meeting budget deadlines.

Recommendation. Provide that §307 of the Budget Act not apply in the House of Representatives.

C. MAJOR ALTERNATIVE PROPOSALS CONSIDERED BY THE TASK FORCE ON THE BUDGET PROCESS

This appendix contains materials which were prepared for the use of the task force in considering four major alternative proposals for changing the congressional budget process. The task force reviewed these four alternatives during May and June of 1983.

The following materials are contained in this appendix:

H.R. 2777—Target Resolution Approach

(1) Major Features of Target Approach (H.R. 2777)
(2) Timetable of the Proposed Congressional Budget Process of H.R. 2777

H.R. 2025—Single Binding Resolution Approach

(3) Single-Binding (Description of features of H.R. 2025)
(4) Timetable Based on H.R. 2025

H. Res. 213[1]*—Omnibus Budget Bill Approach*

(5) Omnibus Approach (Description of features of H. Res. 602)
(6) Omnibus Approach—Timetable

H.R. 750—Biennial Budget Approach

(7) Biennial Budget (Description of features of H.R. 750)
(8) Biennial Budget (Timetable of H.R. 750)
(9) Comparison of Biennial Budgeting Bills

H.R. 2777

1. MAJOR FEATURES OF TARGET APPROACH

A. Budget resolution
  1. Target Spring Resolution
  2. Eliminates Functional Allocations
  3. Three Opportunities to Revise the Resolution
  4. Does Not Provide for Multiyear Planning in the Resolution
  5. Repeals the Elastic Clauses
B. Timetable
  1. Accelerates Activities Leading Up to Budget Resolution
  2. Trigger Date for Spending and Revenue Measures
  3. Sequential Referral of Unauthorized Appropriations
  4. Permanent Continuing Appropriations
C. Control of Budget Base
  1. Direct Committees to Adjust Budget Base (2 year cycle)
  2. Direct Appropriations Committees to Study Budget Base
D. Control of new spending and revenue
  1. Information and Majority Vote Control
  2. Deferred Enrollment and Reconciliation
E. Institutional coordination
  1. Consultation
  2. Composition of Budget Committee
  3. Committee Jurisdiction

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[1] Omnibus documents refer to H. Res. 602, the omnibus approach as introduced in the 97th Congress.

TARGET RESOLUTION

A. Budget resolution

1. Target Resolution

Under the Budget Act, the May 15 budget resolution sets aggregate and functional targets. The Joint Statement of Managers includes committee allocations. Committees then divide their allocations by subcommittee or by program and report their subdivisions. Spending and revenue measures are scored against these targets and majority vote controls. In September, Congress must act on a second resolution reaffirming or revising the first. Aggregates become binding October 1 and a point of order lies against consideration of any measure which would breach them.

Concurrent practice. A second resolution is optional; the first resolution automatically becomes the second if Congress does not act by October 1. Reconciliation directives to adjust the base are in the first resolution. Deferred enrollment is tied to committee allocations, thought deferred bills are not reconciled in September. More information is contained in the resolution.

Under the target approach,[2] the April 15 resolution sets aggregate targets and the accompanying report includes committee allocations. Measures are scored against aggregate and committee targets; there are no subdivisions to score against. All spending and revenue measures to which both Houses agree are held at enrolling desk. If in September, "proposed action" is within targets, bills at the desk proceed and the aggregated are protected by a point of order. If proposed action is not within targets, pending bills may be reconciled, targets may be revised or both. October 1, a point of order protects most recently agreed to aggregates.

2. Functional Allocations

Under the Budget and in current practice, functional allocations are included in the resolution.

The target approach drops functional allocations altogether. A discussion of national budget priorities appears in the accompanying report.

3. Revisions of the Resolution

Under the Budget Act, Congress may revise levels in the resolution at any time after the first budget resolution is agreed to. In September, a second resolution must be reported and considered revising or reaffirming the first.

Current practice. As part of the spring resolution for the coming year, Congress folds in revisions of current year aggregates. If Congress does not act, by October 1, on a second resolution, the first becomes the second. However, House Budget Committee may report a House or concurrent resolution revising the aggregates for economic and technical estimates only.

Under the target approach, there would be three opportunities to revise. (A) In September, Budget Committees may revise estimates by certifying that changes in aggregates reflect changes in economic and technical assumptions only. (B) Also in September, Budget Committees may report a reconciliation resolution if "proposed action" is not within targets. (C) In the April resolution for the coming year, Title III may revise current year aggregates.

4. Multiyear Planning in the Resolution

Under the Budget Act, the report accompanying a resolution includes five-year projections of aggregates.

Under current practice, a resolution includes aggregates and functional allocations for current year, budget year and planning numbers for two outyears.

Under the target, no outyear numbers are included in the resolution. The accompanying report includes five-year projections of the aggregates.

5. Elastic Clauses

Under the Budget Act, such other matters and other procedures as are considered appropriate to the purpose of the Act may be included in the resolution.

Under current practice, by appeal to these sections, Congress evolved the practice of including outyear numbers and credit numbers in the resolution and the procedure of including reconciliation directives in the first resolution rather than in the second.

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[2] The target approach is based on H.R. 2777, introduced by Mr. Dingell

B. Timetable

1. Accelerating activities leading up to passage of a first budget resolution.

Under the Budget Act, the President submits his budget 15 days after Congress meets. Submission of budget views and estimates by standing committees to the Budget Committee by March 15. Budget Committee markup completed by April 15 and adoption of a budget resolution by May 15.

In current practice, the House Budget Committee accelerated its schedule. Budget views and estimates were submitted by March 7; the resolution was reported on the House side on March 21, and was passed on March 23. The Senate, originally on the same accelerated schedule, still has not passed its budget resolution.

Under the target approach, the President submits his budget on the first Monday after January 1 and budget justifications within two weeks thereafter. Submission of budget views and estimates by standing committees by February 15. After consultation with other committees, Budget Committees report the resolution by March 15 and it is adopted by April 15.

2. Timely enactment of spending and revenue measures.

a. April 15 trigger date for spending and revenue measures.

Under the Budget Act, May 15 is the statutory date for adoption of the first budget resolution. The Act provides that until the resolution is in place, spending and revenue measures may not be considered by Congress.

Current practice. This year, the House passed the budget resolution in March. The Senate, however, may miss the May 15 deadline. The House may choose to waive points of order and consider spending and revenue measures in June even if a budget resolution is not adopted.

Under the target approach, April 15, the statutory date for adoption of the budget resolution, is also a trigger date after which spending and revenue measures may be considered whether or not budget plan has been adopted.

b. Sequential referral of unauthorized appropriations or authorizations in appropriations.

Budget Act provides that authorizations must be reported by May 15 preceding the fiscal year for which they are effective.

Under current practice, there is a fundamental timetable conflict between the Rules of the House and the Budget Act. Clause 2 of Rule XXI provides that it is not in order to consider on the House floor any appropriations for which the relevant authorization has not already been enacted. Given the fact that the fiscal year begins on October 1, the process contemplates House floor considertion of appropriations no later than early June. § 402(a) of the Budget Act, however, provides that authorizations must be reported by May 15. In practice, this late reporting date has meant that virtually all appropriations bills make numerous unauthorized appropriations and require a waiver of points of order under Rule XXI from the Rules Committee.

The target approach eliminates the May 15 deadline for reporting of authorizations and provides that appropriations bills containing unauthorized apropriations be automatically referred to the legislative committee(s) with jurisdiction over the necessary authorizations. The legislative committee(s) would have the authority to report the appropriations bill with an amendment. If no action were taken, the legislative committee would be discharged and the appropriations bill would be placed on the appropriate calendar. Although it is unclear in the bill, presumably, after the sequential referral, points of order under clause 2 of Rule XXI would no longer lie against the bill.

c. Permanent continuing appropriation.

Budget Act. No provision.

Current practice. Since 1979, about 90 per cent of general appropriations measures have not been enacted until at least one month into the fiscal year. In these circumstances, it has been necessary to employ continuing resolutions to ensure continuity of funding for the Federal government. On some occasions, due to political disagreements within Congress and between Congress and the Executive, even continuing resolutions have not been enacted on time.

Under the target approach, a permanent continuing appropriation would automatically fund any programs for which a general appropriations measure had not been enacted by the beginning of the fiscal year (October 1). Funding would be at the level of the preceding year.

C. Control of the Budget Base

The budget base is the money that is mandated to be spent and the revenue that, pursuant to existing law, is to be collected in the coming fiscal year; thus, even if Congress passed no legislation in this session, the money must be spent and the revenue collected. The budget base includes permanent appropriations (e.g., interest on the debt, Social Security, Medicare, crop price support payments), mandatory appropriations (e.g., veterans compensation, medicaid), prior-year outlays and most revenues. About ¾ of the total estimated outlays for FY 1984 flow from the spending base. To control the budget base, Congress must change existing law.

1. Directing Committees to Report Changes in Law

Under the Budget Act, there is no provision for directing committees to adjust the spending base; there is a provision to direct committees to adjust the revenue base.

Current practice uses reconciliation in the first resolution to direct committees to report changes in budget base. Instructions for outyears are included as recommendations. Budget Committees will take committee recommendations reported after June 1 and, without substantive revision, incorporate them into a single reconciliation bill. Bills reported earlier may be considered separately. There is no sanction against committees that fail to report or that report legislation which fails to achieve directives.

Under the target approach, Budget Committees may report a second title in the April 15 resolution inaugurating an eighteen month cycle of adjustment of the budget base. In the first session of a Congress, title II may recommend adjustments to become effective October 1 of the next calendar year. Committees of jurisdiction will hold hearings, study legislative means to achieve savings or change revenue levels and, presumably, they may report changes in the same session. In the second session of a Congress, title II may revise or reaffirm recommendations and they become binding directives. It is not clear whether directives for outyears are germane. By August 7, Congress shall complete action on such adjustments, although conference reports will be held at the enrolling desk (see D. CONTROL OF NEW SPENDING AND REVENUE). If a committee fails to report legislation or the legislation it reports will not meet the directive, the Budget Committee may request an amendment be made in order.

2. *Diminishing the Budget Base*

Under the Budget Act, Appropriations Committees shall study provisions of law that provide backdoor spending or permanent budget authority and, from time to time, report their recommendations.

Current practice, Appropriations Committees have never reported recommendations.

Under the target approach, Appropriations Committees shall report to their respective Houses before the close of the Ninety-ninth Congress. Their recommendations for legislation, including recommendations for terminating or modifying such provisions of law.

D. Control of new spending and revenue

New legislation provides annual discretionary appropriations and may expand or reduce the spending and revenue base. Discretionary spending and revenue for the budget year depend on Congressional action in the current year. About one-quarter of the total estimated outlays for FY 1984 will be from discretionary spending. About 6 percent of the total estimated outlays for FY 1984 will be from non-defense discretionary programs, e.g., veterans medical care, disaster assistance, agricultural research, foreign aid, subsidized housing, EDA, UDAG, mass transit, rural housing, NASA.

1. Information and Majority Vote Control

Under the Budget Act, spending and revenue measures cannot be considered until the first budget resolution is adopted. Allocations of new budget authority and outlays are made to direct spending committees; these committees subdivide their total allocations and report the subdivision. CBO issues periodic scorekeeping (current status) reports. When a spending measure is considered, the report accompanying the measure shall compare—after consultation with CBO—the new budget authority provided by the measure with aggregates in the most recently agreed to resolution and with committee and subcommittee allocations. The report accompanying tax expenditure measures shall include similar comparisions.

Current practice. the point of order against consideration of spending or revenue measures before the first budget resolution is in place was waived four times in the 97th Congress. CBO no longer submits current status reports. Budget Committees periodically issue early warning letters.

Under the target approach, allocations of new budget authority and outlays are made to direct spending committees but no subdivisions are made or reported. CBO issues periodic current status tabulations to Congress and scorekeeping reports to committees on the first and fifteenth of each month showing where the committee action stands compared with committee allocations. Reports accompanying legislation providing new BA or Tax expenditures includes comparisons to aggregate targets and committee allocations. On or before August 15, budget Committees report comparing "proposed Congressional spending and revenue" with April resolution targets and with reëstimated targets.

2. Deferred Enrollment and Reconciliation

Under the Budget Act, deferred enrollment is an optional procedure applied to "all or certain" spending measures. These measures are held at the enrolling desk until Congress completes action on a second resolution and, if required, on a reconciliation bill or resolution.

Under current practice, any spending measure which exceeds the relevant committee allocation of new spending will not be enrolled until action on a second resolution is completed or October 1, whichever comes first. Deferred enrollment is disconnected from reconciliation.

Under the target approach, all spending and revenue measures, regardless of amounts in the measures, will be held at the enrolling desk until Congress completes action on a reconciliation resolution or October 1, whichever comes first. Budget Committees may report a reconciliation resolution if, in early September, they determine that "proposed action" might breach April aggregate targets or reestimated targets. A reconciliation resolution may either change totals, change pending bills, or both. Reconciliation may not make changes beginning in outyears or make changes in authorization levels of programs. Committees whose measures the Budget Committee recommends be changed may request a three-day sequential referral of the resolution and report an amendment. On October 1, a point of order protects the most recently agreed to aggregates. If, in early September, the Budget Committees determine that "proposed action" will not breach totals, they cannot report a reconciliation resolution. Bills proceed from the enrolling desk and a point of order protects the April targets or the certified reestimated targets as of October 1.

E. Institutional coordination

1. Budget Committee Composition

The Budget Act provides for a Budget Committee composed of 23 Members, five from Appropriations, five from Ways and Means, one Member of the leadership of the majority and of the minority parties and eleven from other committees of the House.

In current practice, the House Budget Committee is composed of 31 Members including five from Appropriations, five from Ways and Means, one Member from the leadership of each party and nineteen from other standing committees of the House.

Under the target approach, the majority party Membership of the House Budget Committee will be composed of 28 Members. The Speaker will designate five Members, the majority leadership one Member, the chairmen of the Committee on Ways and Means and Appropriations two Members each and the chairmen of each legislative committee will designate one Member. Minority party will be allotted the appropriate number of seats to reflect the House ratio.

2. Consultation

The Budget Act provides for the submission of committee views and estimates by standing committees of the House on the matters to be contained in the first budget resolution.

In current practice, Budget Committees receive other committees' views and estimates before markup of the resolution and discuss other committees' views and estimates in the report accompanying the resolution. From year to year, Budget Committees follow different styles of consultation.

The target approach directs the Budget Committees to consult with other committees about options for the resolution and about committee spending allocations in the accompanying report. Budget Committees shall also consult with other committees before making committee spending allocations in the conference report, before reestimating aggregates and before reporting a reconciliation resolution.

3. Committee Jurisdiction

a. Elastic Clauses and Continuing Study of Budget Process

Under the Budget Act, such other matters and other procedures as are considered appropriate to the purposes of the Act may be included in the resolution. House Budget Committee shall study improvements in Congressional budgetmaking.

Under current practice, by appeal to the elastic clauses, Congress evolved the practice of including outyear numbers and credit numbers in the resolution and the procedure of including reconciliation directives in the first resolution rather than in the second.

The target approach, repeals the elastic clauses. House Rules Committee will study and make recommendations on the Congressional budget process, off-budget agencies, multiyear budgeting, credit budgeting and other related matters.

b. Estimates and Scorekeeping Rules

Under the Budget Act, the Budget Committees determine the estimate of outlays to be made and the estimate of revenues to be received during a fiscal year for purposes of the point of order protecting aggregates. GAO definitions are binding on all government agencies, but there is no further provision for uniform scorekeeping rules.

In current practice, the House Budget committee has made available to other committees scorekeeping rules for fiscal year 1983 and is preparing scorekeeping rules for fiscal year 1984.

Under the target approach, the House Budget Committee and Appropriations Committee will jointly determine the estimates of outlays to be made in a fiscal year and the House Budget Committee and Committee on Ways and Means will jointly determine the estimate of revenues to be received in a fiscal year for purposes of the point of order protecting aggregates. By March 1 of the first session of each Congress, Budget and Appropriations Committee will jointly develop uniform rules of scorekeeping, in consultation with other interested House committees and CBO.

c. Sequential Referrals

Under the Budget Act and in current practice, there is no provision for sequential referral to legislative committees of a reconciliation resolution or of authorizations in an appropriations measure or of unauthorized appropriations.

Under the target approach, legislative committees may request a three-day sequential referral of a reconciliation resolution which makes changes in pending measures under the committees' jurisdiction. An Appropriations measure with an unauthorized appropriations or with an authorization of new budget authority shall be referred to the committee(s) of jurisdiction for five days. In addition, the Budget Committee may request an amendment be made in order if a committee fails to report legislation in response to an adjustment directive or the legislation it reports fails to achieve, as determined by the Budget Committee, the specific amount of the adjustment directive.

2. Timetable of the Proposed Congressional Budget Process of H.R. 2777

On or before	Action to be completed
First Monday after January 1...	Sense of Congress language that the President shall submit his annual budget to Congress.
Third Monday after January 1..	Sense of Congress language that the President shall submit his budget justification documents to Congress.
February 1....................................	The Director of the Congressional Budget Office, after consultation with the Board of Governors of the Federal Reserve System, submits an economic forecast report to Congress which includes (1) a projection of estimated levels of total budget authority, outlays, revenues, the surplus or deficit in the budget, and rates of unemployment and interest; and (2) a comparison of the economic factors and program assumptions included in the President's budget submission.

2. Timetable of the Proposed Congressional Budget Process of H.R. 2777—Continued

On or before	Action to be completed
February 15	Views and estimates submitted by all standing committees, Joint Economic Committee, and Joint Committee on Internal Revenue Taxation to the Budget Committees on all matters, as determined by such committees, relating to their jurisdiction.
March 1	Budget Committees prepare and submit to the standing committees of their Houses options under consideration for the concurrent resolution with respect to the appropriate level of total budget outlays and of total new budget authority; the amount, if any, of the surplus or the deficit in the budget which is appropriate in light of economic conditions and all other relevant factors; the recommended level of federal revenues; and the appropriate level of the public debt, and the amount, if any, by which the statutory limit on the public debt should be increased or decreased by bills and resolutions to be reported by the appropriate committees. The Budget Committees must also submit the economic, technical, and program assumptions upon which such options are predicated.
March 7	Budget Committees must consult with the standing committees regarding the resolution options and the spending allocation levels for each such committee to be included in the report accompanying the concurrent resolution.
March 15	Budget Committees report the concurrent resolution on the budget to their Houses.
April 15	Congress completes action on the concurrent resolution on the budget. The resolution could include three titles. Title I would contain aggregates only and become binding on October 1. In the first session of a Congress, Title II may contain recommended adjustments (with respect to the fiscal year commencing on October 1 of the ensuing calendar year) which specify the total amount by which permanent budget authority, direct spending, and revenue programs are to be changed and which direct the committees of jurisdiction to consider changes to accomplish such total amount. During the second session of any Congress, the second title may reaffirm or revise the recommended adjustments set forth in the second title, if any, of the concurrent resolution adopted in the first session. Upon adoption, such recommended adjustments become binding directives to the committees of jurisdiction. Congress is to complete action on the directives by August 7. Title III would revise current year aggregates, if necessary, and would be binding upon adoption. All spending and revenue bills will be subject to deferred enrollment until Congress completes action on a reconciliation resolution or until October 1, whichever occurs first.

2. Timetable of the Proposed Congressional Budget Process of H.R. 2777—Continued

On or before	Action to be completed
April 15–August 7	Sense of Congress language that action on all authorization, spending, and revenue bill be completed by August 7. If a budget resolution is not adopted by April 15, spending bills not in violation of Rule XXI could be brought to the floor. Those bills which violate Rule XXI would be sequentially referred to the appropriate authorizing committee. Deferred enrollment of all spending and revenue bills until Congress completes action on a reconciliation resolution or until October 1, whichever occurs first.
August 7	Automatic continuing resolution at the previous year's rate for appropriation conference reports not yet agreed to.
August 15	The Committee on the Budget of each House submits a report to its House comparing proposed congressional spending and revenue actions with the level of total budget outlays and total new budget authority set forth in the concurrent resolution on the budget for the fiscal year beginning on October 1 of such year and revised totals, if any, for such fiscal year predicated upon changed technical and economic assumptions. It is also required that the revised levels and assumptions be determined only after consultation with the other standing committees of its House.
September 7	Budget Committees determine whether bills, resolutions, amendments, and conference reports providing new budget authority or new spending authority or reducing revenues for the fiscal year beginning on October 1 of such year would violate the levels of budget authority, outlays, or revenues set forth in the most recently agreed to concurrent resolution for the fiscal year. If the Budget Committees determine that proposed congressional spending and revenues do not violate levels set forth in the most recently agreed to budget resolution for such fiscal year, then the levels set forth in the budget resolution become binding upon the Congress as of October 1 of such year. However, the Budget Committees may, after consultation with the committees of its House, revise the levels of total budget outlays, budget authority and revenues to reflect changed technical and economic assumptions by certifying, in writing, such revised levels to its House.

2. Timetable of the Proposed Congressional Budget Process of H.R. 2777—Continued

On or before	Action to be completed
	If the Budget Committees determine that proposed congressional spending and revenues would violate levels set forth in the most recently agreed to budget resolution for the fiscal year, then each Budget Committee may report to its House a reconciliation resolution. Such reconciliation resolution could revise the budget resolution for the fiscal year or direct the Secretary of the Senate or Clerk of the House, or both, to make changes in particular bills or resolutions or both. Such changes shall be determined after consultation with the appropriate committees of jurisdiction and shall not include authorizations or multiyear changes. Reconciliation would be limited to spending and revenue actions of the current session of Congress and to the upcoming fiscal year. Committees having jurisdiction over bills or resolutions affected by the reconciliation resolution could request sequential referral.
September 25	Congress completes action on reconciliation resolution, if any.
October 1	Beginning of fiscal year. Original certified, or revised budget aggregates become binding. Point of order against any spending or revenue bill which would violate the total levels of budget authority, outlays, or revenues contained in the budget resolution. Effective date of automatic continuing resolution.

3. Single—binding [3]

A. Budget resolution

1. Single Budget Resolution

A single budget resolution (using the existing timetable) is proposed.

Budget Act—Specifies two budget resolutions per session—spring and fall—and allows others as needed.

Practice—Recently, the fall budget resolution has been dispensed with, but the spring budget resolution the next session is used to update the previous budget resolution.

2. Binding Budget Resolution

The budget resolution would be binding, because it would have three enforcement features (all discussed more below):

(1) Binding aggregates (point-of-order) effective immediately.

(2) Reconciliation directives aimed at the budget base.

(3) Deferred enrollment through October 1, as a sanction against excessive bills (breaching 302(b) subdivisions).

Budget Act—Provides none of these features in a spring budget resolution.

Practice—Reconciliation and deferred enrollment have been used on first budget resolutions since fiscal year 1981.

3. Off-Budget Agencies

Off-budget agencies (Federal Financing Bank, Postal Service, Rural Electrification Administration, Strategic Petroleum Oil Purchases) are proposed to be controlled in two ways:

(1) For fiscal year 1985, the budget resolution would have an off-budget ceiling, with most other enforcement provisions applying.

(2) For fiscal year 1986 and thereafter, the off-budget agencies would be brought on budget by amending their authorizations.

Budget act—Requires Budget Committee studies and recommendation.

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[3] Based on concept in H.R. 2025, introduced by Rep. Mineta.

Practice—Sense-of-Congress language, with aggregate figures, in a few past budget resolutions, but no enforcement. Recommendations not made.

4. Credit Activities

Credit activities of the Federal government are proposed to be integrated into the budget and appropriations process. There are two types of credit activities: (1) direct loans by Federal agencies, and (2) loan guarantees, in which the government guarantees private lenders against default. Even though most net Federal loan activity is on budget, the budget process is not suited to review total loan activity for two reasons:

(1) The budget authority and outlay figures in a budget resolution or credit legislation show only the tip of the credit iceberg.

Direct loan programs are in revolving funds—only their net cash flow (loans minus repayments) are scored; this severly understates the gross amount of Federal lending (about $50 billion in new loans in 1983).

Loan guarantees are contingent liability, and are excluded by law from being scored as budget authority. Budget authority is only required and outlays are scored only when the Treasury pays to cover a default, but this is a small fraction of total loans being guaranteed (about $100 billion in new guarantees in 1983).

(2) Revolving funds by definition are automatically allowed to use incoming cash to make new loans, so the level of loan activity need not be controlled by annual congressional action.

Proposed integration of credit is accomplished by the following:

(1) Budget resolution would contain two new targets: total and functional new gross direct loan obligations and new loan guarantee commitments (in addition to the existing budget authority and outlay targets).

(2) Information on credit would be in March 15 Reports, committee allocations and subdivisions, and CBO scorekeeping.

(3) Enforcement of budget resolution credit targets would exactly parallel enforcement of budget authority and outlays: binding credit aggregates (point-of-order); deferred enrollment (by 302(b) subdivision) of excessive credit amounts; and reconciliation of backdoor credit programs. The timetable would also apply to credit (May 15 authorizations).

(4) New backdoor credit legislation would be prohibited—new credit programs could be authorized, but must be available only as provided in annual appropriation acts.

(5) Administration of credit programs would be brought under the existing apportionment and impoundment process.

Budget Act—Has none of these features.

Practice—The 1982 to 1984 budget resolutions have included aggregate and functional credit targets. The 1983 budget resolution also required committee allocations and subdivisions of credit, a binding ceiling on the aggregates after the second budget resolution, and a prohibition against new backdoor credit programs.

5. Multiyear Budget Planning

Multiyear planning is formalized by: (1) Requiring all budget resolution numbers to cover three years; and (2) Requiring CBO scorekeeping reports to cover three years.

In general, enforcement would only be over the first year; the ceilings, allocations, and deferred enrollment would only use budget-year numbers, not outyear numbers.

Reconciliation would have a three-year directive.

Budget act—One-year budget resolutions only.

Practice—Multiyear planning numbers in budget resolutions for last five years. For 1980 budget resolutions, House and Senate had different outyear aggregates. For 1981 budget resolutions, they had functions as well as aggregates, but still different numbers. Since fiscal year 1982 there have been unified outyear aggregates and functions, and also multiyear reconciliation, but for 1983 and 1984 budget resolutions the outyear reconciliation has been "nonbinding".

6. Reestimates/Revisions

A method to reestimate the budget resolution (which would not change policy) is provided:

From time to time the House and Senate Budget Committees will confer on reestimates to the budget resolution. By majority vote both committees are to certify a reestimated budget resolution to the Speaker and the President of the

Senate. They will jointly publish a report explaining the nature of the reestimates.

Revising a budget resolution for policy changes is allowed, by passing a new concurrent resolution.

Budget Act—Has nothing specifically dealing with reestimates. The provision dealing with revisions is the same as the Act.

Practice—The 1984 first budget resolution allows a reestimate of the first budget resolution after October 1 (if there has been no second budget resolution) by House or Concurrent Resolution.

In recent years, the first budget resolution for a fiscal year has included a revised resolution for the previous fiscal year.

B. Timetable

Proposal makes few changes in Act or practice, but adds two new features in place of the requirement that all spending and revenue bills be completed by the seventh day after Labor Day.

1. Comprehensive Appropriation Bill

Would require Appropriations Committees to report by September 20, a comprehensive appropriation bill containing all regular appropriations not yet enacted. Would require completion of action by September 30; would exempt bill from deferred enrollment, but make it subject to a point of order for breaching total committee allocation of discretionary budget authority.

Budget Act—Requires completion of all appropriation bills 7 days after Labor Day.

Practice—Has not occurred since 1977 owing to a number of factors. Omnibus appropriation bill approach last tried by Congress in 1950, and abandoned the following year.

2. Permanent Continuing Appropriation

Would *create* an automatic permanent appropriation on October 1 at the current rate of operations (except for mandatory programs) if appropriations are not enacted by that time. Exempted from this would be funding for specific programs which had already been enacted. Would be superseded by appropriations enacted after October 1.

Budget Act—Requires completion of all appropriation bills 7 days after Labor Day.

Practice—Nature of continuing resolution has changed over time (effectively closed rule; numerous legislative riders; detailed line-item Appropriations bills attached to vehicles; nonrestrictive formulas, etc.).

C. Control of the budget base

The budget base is the money that is mandated to be spent and the revenue that, pursuant to existing law, is to be collected in the coming fiscal year; thus, even if Congress passed no legislation in this session, the money must be spent and the revenue collected. The budget base includes permanent appropriations (e.g., Interest on the Debt, Social Security, Medicare, Crop Price Support Payments), mandatory appropriations (e.g., Veterans' Compensation, Medicaid), prior-year outlays and most revenues. About ¾ of the total estimated outlays for fiscal year 1984 flow from the spending base. To control the budget base, Congress must change existing law.

1. Reconciliation Process

Under the single binding approach, reconciliation would be permitted in any concurrent resolution on the budget and would (1) be applicable to all spending, credit, and off-budget agency programs; (2) require omnibus packaged reconciliation bill; (3) require completion by a date certain (not later than 60 days after adoption of the budget resolution); and (3) give Budget Committee authority to offer amendments where a committee fails to meet its reconcilation target.

Budget Act—Provides for reconciliation in conjunction with the second budget resolution in the Fall; provides for reconciliation of new or prior year appropriations, new entitlement legislation, revenue, and public debt matters but not the spending base; provides for completion of action by September 25; requires Budget Committee to report recommendations without substantive revision.

Practice—Has been used with the first resolution and has addressed primarily changes in permanent and appropriated entitlement programs and revenues in order to get at the base.

D. Control of new spending and revenue bills

New legislation provides annual discretionary appropriations and may expand or reduce the spending and revenue base (e.g., liberalize entitlements). Discretionary spending and revenue for the budget year depend on congressional action in the current year. About one-quarter of the total estimated outlays for fiscal year 1984 will be from discretionary spending. About six percent of the total estimated outlays for fiscal year 1984 will be from non-defense discretionary programs, e.g., Veterans' Medical Care, Disaster Assistance, Agricultural Research, Foriegn Aid, Subsidized Housing, EDA, UDAG, Mass Transit, Rural Housing, and NASA.

1. Section 302 Allocations

The proposal institutionalizes the practice of allocating between current level and "discretionary action" and allocating new entitlement authority (NEA); requires committee subdivisions to do the same; requires allocation of direct loan and loan guarantee amounts and Appropriation Committee subdivision of same; creates a point of order against consideration of any spending or credit bill within the jurisdiction of a committee prior to its making its subdivision.

Budget Act—Provides for allocations to committees of total budget authority and outlays (new entitlement authority only by implication); for subdivisions by committees of budget authority, outlays, and new entitlement authority; and further, by "controllable" and all "other" amounts. Committee reports on subdivisions are to be submitted "as soon as practicable".

Practice—Allocations of budget authority, outlays, and entitlement authority made to committees on the basis of current level (amounts provided or mandated by existing law) and "discretionary action" (assumed to be enacted). In effect, committees responsible for subdividing discretionary action only. In one resolution, filing of the committee reports was made mandatory.

2. Deferred Enrollment

The proposal would make deferred enrollment mandatory; apply it to new credit and new revenue legislation as well as spending bills; use 302(b) subdivision and committee total as benchmark; and provide a fixed termination date of October 1. It would not link deferred enrollment to potential subsequent reconciliation.

Budget Act—Permits inclusion of deferred enrollment in the first resolution. It could apply to all or certain spending bills and may remain effective until completion of action on the second budget resolution, reconciliation, or both.

Practice—Last four first budget resolutions have required deferred enrollment as a sanction against spending. In the first three instances, the benchmark for holding a bill at the desk was the total committee allocation and/or its subdivision. In this year's House-passed resolution, the benchmark is total committee allocations.

3. 311 Point of Order on Aggregates

The proposal would apply the point of order protecting aggregate spending, credit, and revenue immediately after final agreement to the budget resolution.

Budget Act—Point of order applies after the second budget resolution and (if reconciliation is required by the resolution) after agreement to reconciliation measure.

Practice—Point of order applies after budget resolution or October 1, whichever comes first. In 1984 House budget resolution, does not apply after the "automatic second" if a committee has not breached its "discretionary action" targets, even if the ceiling is otherwise breached.

4. Dedicated Revenues

The proposal would exempt from any budgetary enforcement certain trust fund programs supported by dedicated revenues if, and only if, the spending levels being proposed were fully covered by estimated or available dedicated revenues. Creates point of order against these programs. Makes binding ceiling inapplicable as well.

Budget Act—Exempts certain trust fund legislation from prohibitation against new backdoor spending, from effective entitlement date, and entitlement referral requirements. Does not exempt these from reconciliation or other enforcement sections (point of order against breaching ceiling, etc.).

Practice—One budget resolution exempted from deferred enrollment certain trust fund spending increases if revenues were increased in these trust funds to the same extent.

E. Institutional roles/informational exchange

1. 302(b) Report

A point of order is proposed against consideration of any spending or credit bill if that committee has not filed its 302(b) subdivision.

Budget Act—No provision

Practice—The First Budget Resolution for Fiscal Year 1983 contained a similar provision (except for the "credit" language).

2. Changes in Various Reporting Requirements

The bill requires changes in a number of Committee reporting requirements regarding credit.

Budget Act—Generally requires only that committees report and/or account for budget authority and outlays.

Practice—Some committees already discuss and account for credit programs within their jurisdiction. Congress has included language in three of the last four First Concurrent Resolution expressing the sense of Congress that credit and off-budget items must be examined. Finally, in the First Concurrent Resolution for Fiscal Year 1983, the Congress adopted a provision providing for ceilings on credit programs, and requiring allocations and subdivisions of the amounts of direct loans and loan guarantees within the jurisdiction of the committee.

3. Support Agencies

Require CBO to provide cost estimates for bills providing direct loans or loan guarantees, and to provide up-to-date tabulations of loan activity, and to proviode the same information for programs affecting off-budget agencies.

Budget Act—No specific provision on credit.

Practice—CBO issues an annual report of Federal credit activities and an estimate of the President's credit budget request.

4. Capital Investment Budget

The President is to include with each budget on or after January 1, 1985, the following:

(1) The subdivision of spending into capital investment and operating components.

(2) Identification of the 10-year past trend in Federal capital investment.

(3) An estimate of the 10-year future need for capital investment necessary to sustain existing performance and be cost-effective.

(4) A statement of any change in the roles of State and local government or the private sector assumed in making the 10-year future estimate.

(5) An assessment of Federal, State, and local government and private sector roles and incentives for the cost-effective maintenance of all Federally funded capital investments which are physical assets.

(6) A comparison of the 10-year future capital investment estimates with the spending levels being proposed in the budget.

(7) An estimate of the amount of revenue dedicated to Federal capital investment for 10 years.

Budget Act—No comparable requirement in the Budget Act.

Practice—President's budget has not included capital investment budget per se, but has a special analysis on investment versus operating expenditures (including grants to States), and a special analysis on research and development.

SINGLE BINDING BUDGET RESOLUTION

4. Timetable Based on H.R. 2025 Budget Cycle for Fiscal Year 1985 Congressional Budget Process

When	Who	What
1. May 15, 1983 (Deadline)	President	Reauthorization requests (for minimum two-year period) submitted for authorizations due to expire in calendar year 1984.
2. November ?, 1983 ("As soon as practicable" after fiscal year starts).	CBO	5-year projection (current policy baseline) of fiscal year 1984 spending and tax law.
3. January ?, 1983 (15 days after Congress convenes).	President	Budget request, including supporting documents, submitted to Congress. Includes totals and line-item detail on amounts that will be part of budget resolution. Also contains other information including: a current services budget projection; and a special analysis on spending for capital projects.
4. March 15, 1984 (Deadline).	Committees	Report to Budget Committees their views and estimates on matters to be in budget resolution.
5. April 1, 1984 (Deadline)	JEC/CBO	Report to Budget Committee JEC's evaluation of the President's current services budget projection and CBO's annual report on budget totals, priorities, and economic growth.

SINGLE BINDING BUDGET RESOLUTION—Continued

When	Who	What
6. April 15, 1984 (deadline)	Budget Committees	Fiscal year 1985 Budget Resolutions Reported, containing totals and functions for spending and credit, totals for revenues, deficit, and debt. Also contains, off-budget figures and two outyears, as well as: (1) Automatic deferred enrollment until October 1 of spending or credit bills that exceed 302(b) subdivisions for legislation, and of tax cut bills that cut below targets for tax legislation; (2) (Optional) reconciliation directives aimed primarily at spending and revenue base; (3) (Optional) any other matter or procedure deemed appropriate.
7. May 15, 1984 (deadline)	Congress	Budget resolution completed as both chambers agree to conference report, accompanied by 302(a) allocations to committees of budget authority, outlays, entitlement authority, direct loan, and loan guarantee targets. Aggregate spending credit, and revenue become binding ceilings/floor.
8. May 15, 1984 (deadline)	Authorizing committees	Authorization bills for spending and credit programs reported.
9. May 15, 1984 (Starting point) (but not before No. 7 above).	Spending committees and Congress.	Implementing legislation—Spending, tax, and debt bills—initially considered and subsequently enacted. But spending bills cannot proceed until 302(b) subdivisions reported to Congress, subdividing amounts allocated in No. 7 above. (Point-of-order enforcement of reporting requirement.)
10. July 15, 1984 (deadline, 60 days after No. 7 above).	Congress	Reconciliation bill completed and sent to the President for signature.
11. Sept. 20, 1984 (deadline).	House and Senate Appropriations Committees.	Comprehensive appropriation bills reported to each chamber (if all 13 regular appropriations not enacted), covering all remaining appropriations. No deferred enrollment; instead Point-of-order if bill breaches total 302(a) allocation for the committee.
12. Sept. 30, 1984 (deadline).	Congress	Comprehensive appropriations bill completed and sent to the President.
13. Oct. 1, 1984		Fiscal year 1985 begins. Permanent continuing appropriation exists, so if Appropriations bills are still not complete, agencies are automatically funded at previous year's rate, except mandatory programs("such sums").

5. Omnibus approach [4]

A. Budget resolution
  1. It is A Target Resolution Under Omnibus Approach
    a. Budget Committee reports a plan; all committees report spending and revenue omnibus committee bills, which incorporate direct spending (savings) and revenue increases; and Rules Committee packages the plan, and these omnibus committee bills for floor consideration in one Omnibus Budget Bill.
    b. Spending and revenue actions may be scored with same information available under Budget Act and in current practice: functions (in committee report); committee 302(a) allocations; committee 302(b) subdivisions; and discretionary and mandatory break out.
    c. Enforcement is by majority vote during consideration of Omnibus Budget Bill. Budget Committee has prior recognition for amendment at distinct stages in the process, first to ensure conformance to plan, and then to ensure mathematical consistency between the plan and the implementing legislation.
  2. What is in the Text of the Budget Plan?
    a. Budget Act

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[4] Based on H. Res. 602.

The Budget Resolution must contain aggregates, functional categories. Provision is made for other matters under elastic clauses.

b. Current Practice

The Budget Resolution contains aggregates, functional categories, and other features initiated under elastic clauses, such as advisory credit budget, outyear planning figures covering two years, deferred enrollment, optional second resolution, reconciliation in first resolution.

c. Omnibus Approach

Plan may include two distinct sets of budget aggregates, each with economic assumptions set forth; and a total for tax expenditures under each plan.

The text of the plan itself may include two sets of budget aggregates. One is calculated on the basis of economic assumptions of the majority, and one is calculated on the basis of economic assumptions of the minority. Each set of aggregates is adjusted to maintain mathematical consistency with amendments as the Omnibus Budget Bill progresses.

Functional categories appear in Budget Committee report rather than in plan. Not specifically addressed are outyear planning figures, credit budget, and elastic clauses.

3. Budget Functions (National defense, health, transportation, energy, veterans, etc.)

a. Budget Act and Current Practice

The Executive builds its budget by line item and agency. After the job is done, these decisions are translated into functional category information, which is used to explain the budget to the public. The Budget document itself is arranged along functional lines.

Congress reverses this order of budget preparation. Congress uses functions to debate and allocate Federal resources in general terms in budget resolutions. These decisions are translated into allocations to the committees of Congress in the conference report on the budget resolution. Committees then prepare line item legislation to fit within their allocations.

b. Omnibus Approach.

Decisions by the House under this approach follow the model of the Executive. Floor amendments are directed at line items in reported spending and revenue bills.

The original budget plan is built on the basis of functional categories, which are included in the committee report, but not in the text of the plan. House debate could include functional comparisons of proposed congressional action in the Budget Committee plan with those in the spending and revenue bills, and both of these could be compared with the budget submitted by the President. The final Omnibus Budget Bill could also be explained to the public in terms of functional categories.

4. Flexibility of the System—How Does Congress Revise Its Fiscal Policy and Budget Plan?

a. Budget Act. Congress may revise resolution at any time after adoption of the first budget resoluton. A second budget resolution must be adopted in September revising or reaffirming the first.

b. Current Practice.

Congress may revise resolution at any time after adopting of the first budget resolution.

Second budget resolution is optional. If Congress does not act, the first automatically becomes the second. Budget Committee may report a House or concurrent resolution revising first resolution for economic and technical estimates.

Further revisions in the budget resolution, reflecting both economic and technical estimates and reflecting policy changes, are included in the resolution adopted the following spring.

c. Omnibus Approach.

The Omnibus Budget Bill may be revised at any time after it is first adopted

Revisions of the Omnibus Budget Bill can be accomplished only by another Omnibus Budget Bill, which includes a revision in the budget plan and the necessary legislation to implement it.

The Omnibus Budget Bill may be revised either at the initiation of a spending or revenue committee or at the initiation of the Budget Committee. Each committee must report in response to initiative of the other.

Mid-Session reestimates are not specifically addressed, but presumably they could be incorporated in Senate and conference action, or by simple resolution as may be done under current practice.

B. Timetable

1. An Early Start. Does not specifically address the possibility of advancing the beginning timetable.

2. Late authorizations. Does not explicitly address this problem. May 15 reportng date is not changed. For practical purposes, consideration of the Omnibus Budget Bill about the first of June becomes a deadline.

3. Late Budget Resolutions. Under the omnibus approach, budget resolutions are not considered independently of spending and revenue legislation. They become the last chapter of the Omnibus Budget Bill.

4. House Adopts Omnibus Budget Bill by End of June. Two implied sanctions are expected to enforce this deadline. One is public pressure focused on the House to carry out its responsibility to pass "the" budget. The other is the fact that no spending or revenue measure moves forward unless the entire Omnibus Budget Bill does.

5. Final Action on Omnibus Budget Bill. House may not adjourn sine die until action on Omnibus Budget Bill is completed.

6. Redundancy. A basic thrust of the omnibus approach is to reduce repetitiveness in the process:

Budget Act	Current practice	Omnibus approach
Expected action:		
Authorizing legislation	Authorizing legislation	Authorizing legislation.
First budget resolution	First budget resolution	Omnibus budget bill.
Spending and revenue bills	Spending and revenue bills.	
Second budget resolution	Reconciliation bill or bills.	
	Continuing resolution.	
Possible action:		
Possible reconciliation bill	Possible 2nd budget resolution	Revisions at any time.
Possible continuing resolution	Possible reconciliation.	
Revisions at any time	Revisions in spring budget resolution.	

Note.—Continuing resolution not addressed.

C. Control of discretionary spending and the budget base

1. Budget Act

a. Control of Discretionary Spending

Budget Act initially relies on information plus majority vote for enforcement.

Required 2nd budget resolution may direct changes to be made in spending and revenue bills through reconciliation.

Point of order enforces aggregates adopted in 2nd budget resolution.

b. Control of the Budget Base

Budget Act does not build in major annual review of the budget base—spending and revenues that result from current law, that is, with no additional action required by Congress. Changes in the budget base for the outyears are not authorized by the Act.

2. Current Practice

a. Control of Discretionary Spending

Deferred Enrollment. Any spending measure which exceeds the relevant committee 302(a) allocation under the budget resolution is held at the enrolling desk until completion of an optional second budget resolution or Oct. 1.

Point of order enforces aggregates adopted in second budget resolution. Exceptions are made to point of order enforcement, if aggregates have become effective through optional second budget resolution, and if measure would not cause committee allocation to be exceeded. .

b. Control of the Budget Base

Reconciliation is used in the first budget resolution to direct committees to make changes in the budget base. There is no sanction for committees failing to achieve directives. Outyear recommendations in the base are also included.

3. Key Stages of Control Under Omnibus Approach

a. What happens if reported spending and revenue legislation do not conform to budget plan?

Budget Committee has three control totals to help conform the relevant parts of the Omnibus Budget Bill to the original plan.

If the appropriations total is breached, the Budget Committee has prior recognition for amendment.

If the total for all other spending is breached, the Budget Committee has prior recognition for amendment.

If the total for revenues, receipts, and offsetting receipts is breached, the Budget Committee has prior recognition for amendment.

Information is also available based on 302(a) allocations to committees, and based on committee 302(b) subdivisions of these allocations to subcommittees or major programs.

b. What happens if final House action on spending and revenue legislation does not conform to budget plan?

After House consideration of the Omnibus Bill, the Budget Committee has prior recognition for amendment to revise aggregates in the original Budget Committee plan to reflect completed House action on the spending and revenue measures in the Omnibus Bill.

c. What happens if House fails to adopt aggregates reflecting its actions on spending and revenue legislation?

If the House fails to adopt aggregates reflecting the total of spending and revenue actions, then the Budget Committee has prior recognition for amendment to offer an amendment in the nature of a substitute adjusting all titles of the bill, including the budget plan to ensure mathematical consistency.

d. What happens if the substitute amendment fails?

House may not consider final passage motion on Omnibus Budget Bill until the totals and the parts are mathmatically consistent. No spending or revenue legislation moves forward.

4. Key Features of Control Under Omnibus Approach

a. One Control Total For Each Committee (including). Each committee reports all measures affecting direct spending or revenues in one omnibus bill. That means that a spending committee other than Appropriations is measured against *one total control figure* that is a net of several factors:

The cost of: programs and growth under current law; increases for COLA's indexed by law; program liberalizations under proposed legislation; program savings through changes in current law.

b. Three Control Total Subtotals for Direct Spending. During consideration of the Omnibus Budget Bill. Budget Committee has prior recognition for amendment to conform spending and revenue legislation to its original plan. Significantly, it operates with three control subtotals:

appropriations,
all other spending,
revenues, receipts, and offsetting receipts.

The Budget Committee's prior recognition for amendment is limited to parts of the Omnibus Budget Bill that affect the particular subtotal that has been breached. The thirteen appropriations subcommittees will have to operate under one control total, and the other ten or so direct spending committees will operate under another common control total.

5. Multiyear control of the budget base is not specifically addressed.

D. Institutional changes

1. Omnibus approach could be implemented through:

Budget Committee reported plan.
House adopted plan.
Present system of a congressionally adopted plan.

Each approach carries with it institutional implications for House relationships with the Senate, and for the leadership role of the Budget Committee. Each approach also would require a different timetable.

2. The Omnibus approach could be implemented through:

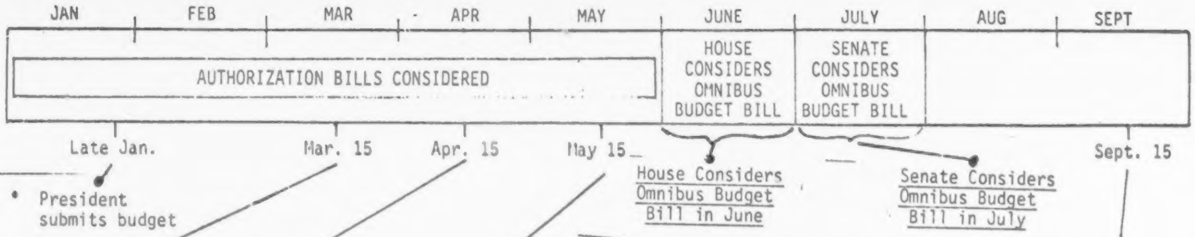
A single omnibus budget bill requiring one Presidential signature.

Present bill packaging approach, with individual bills sent to the President for signature just as they are now.

Each approach carries with it implications for relationship between Executive and Congress.

3. Implementation of this plan would require only House action.

6. OMNIBUS APPROACH*


JAN
FEB
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JULY
AUG
SEPT
AUTHORIZATION BILLS CONSIDERED
HOUSE CONSIDERS OMNIBUS BUDGET BILL
SENATE CONSIDERS OMNIBUS BUDGET BILL
Late Jan.
Mar. 15
Apr. 15
May 15
Sept. 15

House Considers Omnibus Budget Bill in June

Senate Considers Omnibus Budget Bill in July

- President submits budget
- Committee views and estimates
- Budget Committee reports a macro plan. Report allocates spending & revenue totals to Committees
- Each spending committee and revenue committee reports an omnibus committee bill, including direct spending savings & revenue increases
- Rules Committee packages plan and omnibus bill from each committee into one Omnibus Budget Bill

* Based on H.Res. 602

- Three control totals to conform spending & revenue bills to plan
  - If appropriations breach target, Budget Cmte has prior recognition for amendment
  - If direct spending titles breach their overall target, Budget Cmte has prior recognition for amendment
  - If tax bill breaches revenue target, Budget Cmte has prior recognition for amendment
- *Conforming Plan to Competed Action*
  - Budget Cmte has prior recognition for amendment to conform plan to completed House action on spending & revenue bills
- Mathematical Consistency Necessary
  - If House fails to conform plan to completed action, Budget Cmte has prior recognition for substitute amendment
  - No final passage without mathematical consistency

- Congress completes acti on Omnibus Budget Bill
- No adjournment until Omnibus Budget Bill is completed
- All supplementals are considered in revisions of Omnibus Budget Bill

7. Biennial budget [5]

A. Timetable

First Year/First Session of Congress

1. Submission of Budget Materials by Executive January 3 and 15, First Session

President submits a current services budget on January 3 of the first session of Congress.

Budget Act—Requires submission by November 10, prior to budget submission.

Practice—By arrangement with the Congress, in the last several years the President has submitted current services budget concurrently with the budget.

President submits budget for 2-fiscal year period beginning in succeeding calendar year, on the 15th day after Congress meets in the first session of Congress.

Budget Act—Date of submission is the same, except that it occurs in each session of Congress and covers a single fiscal year.

2. Oversight—January 15-June 30, First Session

Beginning after submission of the budget and continuing through June 30 of the first session, all committees conduct oversight hearings with respect to the 2-fiscal year period.

Committees are to study the administration, execution and effectiveness of laws, and operations of Federal agencies and programs under their jurisdiction; to determine whether these laws are being implemented in accordance with Congressional intent; and to consider the need for new or additional legislation.

By June 30, oversight hearings would be completed and committees would report on their findings.

Budget Act—No specific provision.

Practice—Oversight occurs throughout the year but with no specific reporting provisions. There has been considerable criticism that the budget process schedule demands allow insufficient opportunity for adequate oversight activities by the Congress.

3. Legislative Work by Committees—July 1-December 31, First Session

Beginning on July 1 of the first session and continuing through December 31, all committees would conduct hearings and report new legislation for the 2-fiscal year budget period.

Legislation authorizing appropriations would cover a minimum of 2 years and the Executive is required to submit such legislation for the upcoming 2-fiscal year period one year ahead of the year in which that fiscal period begins.

Budget Act—Requires authorizing legislation to be reported by May 15 preceding the beginning of the fiscal year. A point of order lies against legislation reported after May 15. The Act requires advance submission of authorizations for appropriations by the Executive (one year ahead of the effective fiscal year for ongoing programs; legislation authorizing new programs which are to continue for more than a fiscal year is required to cover 2 years, as well) to allow adequate Congressional attention.

Practice—The May 15 reporting deadline generally has been met. (Enactment of authorizing legislation has not been as timely.) The Executive seldom provides advance submission of authorizations for appropriations in a manner which satisfies Congressional requirements for advance review and enactment.

4. Views and Estimates Report to Budget Committees—October 31, First Session

No later than October 31, committees are to submit to the Budget Committee their views and estimates for the 2-fiscal year budget period. The content would be the same as set forth in the Act, including estimates for matters within their jurisdiction of budget authority, outlays, revenues, deficits, debt as appropriate.

Budget Act—Views and Estimates reports are submitted by March 15.

Practice—Generally, these have been submitted on time. In past years the March 15 date has been changed with the concurrence of the committees. Content and amount of detail has varied.

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[5] Based on concept in H.R. 750, introduced by Rep. Panetta.

5. Report by CBO to Budget Committee—November 10, First Session

By November 10, CBO submits its report on the President's budget to the Budget Committee.

Budget Act—CBO report is due April 1.

Practice—Has been submitted in late January or early February to accommodate Budget Committee markup.

6. Budget Resolution Reported by Budget Committees—November 30, First Session

By November 30, the Budget Committees are to report a concurrent resolution on the budget for the 2-fiscal year period.

Budget Act—Resolution to be reported by April 15.

Practice—Deadline has been met in all but three years.

7. Action by Authorizing Committees—December 31, First Session

By December 31, authorizing committees must report legislation authorizing new budget authority for 2-fiscal year period. One-month period between reporting of budget resolution by Budget Committee and December 31 deadline allows committees to incorporate guidelines set forth in the budget resolution. Date is enforced by a point of order against consideration of authorizing bills or resolutions not reported by that date.

Budget Act—Deadline is May 15 with a point of order against consideration of authorizing bills or resolutions unless reported by that date.

Practice—Most bills authorizing new budget authority are reported by this date.

Second Year/Second Session of Congress

1. Budget Revisions Submitted by Executive—January 15, Second Session

President submits any revisions he may have to the budget submitted in the first session of Congress.

2. Completion of Authorizing Legislation—March 10, Second Session

Congress is to complete action on all legislation authorizing new budget authority by March 10.

Budget Act—No date is set for completion of authorizations.

Practice—Most authorizations are not enacted by the time appropriations bills are scheduled, thus leading to delays with Rules Committee and the necessity for Rule 21 waivers.

3. Completion of Action on Budget Resolution—March 31, Second Session

By March 31 Congress is to complete action on a concurrent resolution on the budget for the 2-fiscal year period beginning on October 1, of the even-numbered year. Resolution would be binding.

Budget Act—Date for adoption of first resolution is May 15 each year and it is a nonbinding resolution.

Practice—Generally has been adopted close to the May deadline. Exceptions were the 1981 resolution (June 12), and the 1983 resolution (June 23). In addition, in the last two years the first resolution has automatically become binding on October 1.

4. Action on Appropriation Bills—April 15—7th Day After Labor Day, Second Session

By April 15, the Appropriations Committees of both the House and the Senate must report all appropriations bills for the 2-fiscal year period.

Under this approach, the House Appropriations Committee, to the extent practicable, prior to reporting the first regular appropriations bill, is to have completed subcommittee and full committee action on all regular appropriations bills and to have submitted to the House a summary report comparing new budget authority & outlays in the committee's recommendations with levels in the most recent budget resolution.

By the 7th day after Labor Day of the second session Congress is to complete action on all bills and resolutions providing new budget authority and new spending authority.

Budget Act—The Act contains no deadlines for reporting of appropriations bills, but does include the provision outlined above which requires completion of committee action on all regular bills before the first regular bill is reported.

Bills and resolutions providing new budget authority and new spending authority are required to be completed by the 7th day after Labor Day each session of Congress.

Practice—Appropriations bills generally are reported in the House before the 7th day after Labor Day. The Senate usually does not report bills until

August or later. It is often the case that bills are not enacted as required, by the 7th day after Labor Day.

In accordance with House prerogatives, the House usually initiates appropriations bills. However, time pressures in recent years have resulted in the Senate in rare instances, initiating appropriations bills without waiting for the House vehicle.

5. 2-Fiscal Year Budget Period Begins—October 1, Second Session

Begins on October 1 of even-numbered year.

Budget Act—October 1 of each year begins the fiscal year.

B. Budget resolution

1. Single Budget Resolution

A single budget resolution is proposed.

Budget Act—Specifies two budget resolutions per session—spring and fall—and allows others as needed.

Practice—In the last two years, the first budget resolution has automatically become binding on October 1.

2. Binding Budget Resolution

The budget resolution, to be completed by March 31 in the second year of the 2-fiscal year budget period, would be binding. A point of order enforces the aggregates in the concurrent resolution.

Budget Act—Point of order applies after the second budget resolution and (if reconciliation is required by that resolution) after agreement to reconciliation measure.

Practice—Point of order applies after second budget resolution or October 1, whichever comes first. In 1984 House budget resolution, does not apply after the "automatic second" if a committee has not breached its "discretionary action" targets, even if the ceiling is otherwise breached.

3. Text for the Resolution

The text of the resolution would look basically the same as under the Budget Act except that the figures would cover a 2-fiscal year budget period. The so-called "elastic clauses" are retained. Authority provided in these "elastic clauses" (Sec. 301(b) (1) and (2)) has been used in recent years to include additional features in budget resolutions such as outyear numbers and credit figures.

4. Revisions

Revising a budget resolution is allowed at any time, by passing a new concurrent resolution. This would allow a Congress to revise budget policies in place from the previous Congress.

Under this approach, at the beginning of the second session of Congress, the President is to submit any revisions he may have to the budget transmitted in the first session of Congress. This occurs before the Congress adopts the concurrent resolution which is to be completed by March 31 of the second session of Congress.

Budget Act—Provides that after the first resolution is adopted, Congress may adopt a new concurrent resolution revising the most recently agreed to concurrent resolution.

Practice—Since 1977, the first budget resolution for a fiscal year has included a revised resolution for the previous fiscal year. These revisions usually contain policy changes as well as updated technical and economic estimates.

5. Re-estimates

No specific provision for economic or technical updates of the budget resolution.

However, this approach retains the requirement under current law that the President submit on April 10 and July 15 a statement of budget revisions.

Budget Act—Other than the requirement outlined above for April 10 and July 15 submissions, the Act contains no specific procedure for re-estimates.

Practice—In 1976, the Budget Committee voted to establish procedures for incorporating re-estimates based on the April 10 and July 15 submissions into the scorekeeping base for purposes of enforcing Sec. 311. Depending on the timing of the submissions and action by Congress on the budget, these re-estimates may also be incorporated into the budget resolution.

In addition, the House-passed 1984 budget resolution provides that if the second budget resolution has not been agreed to by October 1, the House Budget Committee may report a resolution which revises the aggregates in the first budget resolution for technical and economic assumptions only.

C. Control of the budget base

The budget base is the money that is mandated to be spent and the revenue that, pursuant to existing law, is to be collected in the coming fiscal year; thus, even if Congress passed no legislation in this session, the money must be spent and the revenue collected. The budget base includes permanent appropriations (e.g. Interest on the Debt, Social Security, Medicare, Crop Price Support Payments), mandatory appropriations (e.g. Veterans' Compensation, Medicaid), prior-year outlays and most revenues. About ¾ of the total estimated outlays for fiscal year 1984 flow from the spending base. To control the budget base, Congress must change existing law.

1. Reconciliation Process

Under this approach, reconciliation instructions would be permitted in any concurrent resolution and would be applicable to revenues, and to entitlements, including the budget base. Reconciliation would not be applicable to new or prior year appropriations or authorizations. (It would be limited to spending authority described in section 401(c)(2)(C) of the Budget Act) Reconciliation would be completed no later than September 25 of an even numbered year, and would cover a 2-fiscal year period.

Budget Act—Provides for reconciliation in conjunction with the second budget resolution in the fall; provides for reconciliation of new or prior year appropriations, new entitlement legislation, revenues, and public debt matters but not the spending base and does not include outyears; provides for completion of action by September 25.

Practice—Reconciliation has been used with the first resolution and has addressed primarily changes in permanent and appropriated entitlement programs and revenues in order to get at the base. It has also recommended changes in outyears.

D. Control of new spending and revenue bills

1. Deferred Enrollment

Deferred enrollment could be included in any concurrent resolution. It could remain effective until completion of action on a subsequent budget resolution, reconciliation or any other procedure considered appropriate to carry out the purpose of the Act. The intent is to continue to allow deferred enrollment as an option in any concurrent resolution in conjunction with any procedure set forth in that concurrent resolution. It could apply to all or certain spending bills.

Budget Act—Permits deferred enrollment of bills providing new budget authority or spending authority under 401(c)(2)(c) until the completion of the second resolution, reconciliation, or both under sec. 310(a).

Practice—Last four first budget resolutions have included deferred enrollment, in some form, as a sanction against excessive spending. In each budget resolution, "benchmarks" have been established for holding a bill at the desk.

E. Institutional changes

A biennial time-frame can accommodate any number of variations of budget procedures.

One of the key issues in establishing a biennial framework is when oversight activity is to occur. Other approaches to a biennial budget have provided that major action occurs first, relatively early in the biennium, with oversight reserved for the second year of occurring throughout the 2-year period.

In any biennial framework, it is also possible to employ various budget procedures such as two resolutions—a target and binding, reconciliation, omnibus appropriations bill, and deferred enrollment.

It is also to vary the time-period of certain kinds of actions. One approach provides for a two-year resolution authorizations and appropriations. Other variations are possible as well.

8. *Biennial Budget* [1]

First Session of Congress (odd-numbered years)

On or before:	Action to be completed:
January 3	President submits to Congress the current services budget.

Footnote at end of table.

8. Biennial Budget [1]*—Continued*

On or before:	Action to be completed:
15th day after Congress meets	President submits to Congress his budget for the two-fiscal-year period beginning on the October 1 of the succeeding year ("two-fiscal-year budget period").
	All standing committees begin oversight hearings and studies of programs, laws, etc. within their respective jurisdictions to develop the basis for such committees legislative work for the two-fiscal-year budget period beginning October 1 in the succeeding year.
June 30	Committees complete oversight hearings for two-fiscal-year budget period and submit such reports to their respective Houses.
July 1	Committees begin legislative work for the two-fiscal-year budget period.
October 31	All standing and joint committees submit views and estimates report to Budget Committee with respect to the two-fiscal-year budget period.
November 10	CBO submits report to Budget Committees on budget totals, priorities, and economic growth with respect to the two-fiscal-year budget period.
November 30	Budget Committees report concurrent resolution on the budget for two-fiscal-year budget period. Resolution may include reconciliation instructions, deferred enrollment, or other appropriate procedures.
December 31	Committees report legislation authorizing new budget authority for the two-fiscal-year budget period. Point of order against any such legislation reported after this date.
Second Session of Congress (even-numbered years)	
January 3	President submits to Congress the current services budget.
15th day after Congress meets	President submits to Congress his revised budget for the two-year-fiscal year budget period.
March 10	Congress completes action on legislation authorizing new budget authority for the two-fiscal-year budget period.
March 31	Congress completes action on concurrent resolution on the budget for the two-fiscal-year budget period. Binding spending ceiling and revenue floor in place.
April 15	Appropriations Committee reports legislation providing new budget authority for the two-fiscal-year budget period.
7th day after Labor Day	Congress completes action on legislation providing new budget authority and new spending authority for the two-fiscal-year budget period.
September 25	Congress completes action on any reconciliation legislation for two-year-fiscal budget period required by such concurrent resolution on the budget.
October 1	Two-fiscal-year budget period begins.

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[1] Based on concept in H.R. 750, introduced by Rep. Panetta.

9. Comparison of biennial budgeting bills

Background

In the 97th Congress, 6 biennial budgeting bills were introduced (HR 1010, 1-22-81, Rep. Panetta; S 1683, 9-30-81, Sen. Ford; S 2008, 1-25-82, Sen. Quayle; S 2629, 6-15-82, Sen. Roth; S 2848, 8-17-82, Sen. Cochran; and S 2864, 8-19-82, Sens. Ford and Quayle).

In the 98th Congress, 4 biennial budgeting bills have been introduced (HR 750, 1-25-83, Rep. Panetta; S 12, 1-26-83, Sens. Ford and Quayle; S 20, 1-26-83, Sen. Roth; and S 922, 3-24-83, Sen. Cochran). For the purpose of this analysis, we will be comparing only these 4 bills: HR 750, S 12, S 20, and S 922.

To date, there has been more interest in this subject in the Senate, with both the Budget and Governmental Affairs Committees having held hearings covering the specific topic. In the testimonies given recently on this issue, the bill sponsors seem to focus mostly on their different approaches to oversight, though this is only one of the significant differences among the proposals.

H.R. 750 (Panetta)

This proposal has the following key features:

(1) Oversight: specific period at beginning of Congress (to Jun. 30).

(2) Budget Actions: last 15 mos. of Congress.

(3) Reconciliation: scope—excludes authorizing legislation; used with 1st bud. res.; time allowed—2 wks. before end of fiscal period.

(4) Budget Resolutions: 1 (1st—binding; 2nd—optional)

(5) Appropriations Action: approx. 5½-6 mos. (from passage of 1st bud. res. (Mar. 31) to passage of approp. bills (7 days after Labor Day)). Note: Authorizations are passed by Mar. 10, 2nd session.

(6) Other: none.

Comments: How different is this approach from the present system?

This bill would alter the present system in 4 respects: establishes a specific oversight period which precedes budget actions; fewer budget steps than in current law spread over full year, instead of 7-9 mos., giving all relevant committees more time to act; eliminates budget step by requiring only 1 bud. res.; specifically limits scope of reconciliation; budget decisions of a new Congress & a new President are implemented in next Congress & the last 2 yrs. of a Pres. term; and bud. res. & approp. bills would cover 2 one-yr. periods; and formalizes recent practice of deferred enrollment of spending bills.

S. 20 (Roth)

This proposal has the following key features:

(1) Oversight: specific period in 2nd yr. of Congress.

(2) Budget Actions: 1st yr. of a Congress.

(3) Reconciliation: scope—no change from current law, could include entitlements; occurs, as needed, any time after passage of the bud. res.

(4) Budget Resolutions: 1—binding, amended only by a ⅔ vote of each House.

(5) Appropriations Action: approx. 4½ mos. (from passage of bud. res. (May 31) to passage of omnibus approp. bill (Oct. 15)). Note: No deadline for passage of auth. legislation.

(6) Other: budget coverage is expanded to include off-budget entities and loan guarantees.

Comments: How different is this approach from the present system?

This bill would alter the present system in 6 respects: start of fiscal period begins Jan. 1, in middle of Congress; specific oversight period occurs in 2nd yr. of Congress, following budget actions; budget decisions of new Congress & new President begins implementation in 2nd yr. of same Congress & 2nd yr. of presidential term; eliminates budget steps by requiring only 1 bud. res. & omnibus approp. bill & spreads steps over approx. same 7-9 mo. period; bud. res. requires super majority vote to amend; bud. res. and approp. bill would cover single 2-yr. period; and formalizes recent practice of deferred enrollment of spending bill.

S. 922 (Cochran)

This proposal has the following key features:

(1) Oversight: no specific provision.

(2) Budget Actions: single bud. res. passed 1st yr. of Congress, with authorizations & appropriations passed each year.

(3) Reconciliation: scope—no change from current law, could include entitlements; time allowed—60 days after passage of bud. res.

(4) Budget Resolutions: 1 binding bud. res., amended only by ⅗ vote of each House.

(5) Appropriations Action: approx. 4 mos. (from passage of bud. res. (May 15) to passage of approp. bills (7 days after Labor Day) for 1st fiscal yr.). Approp. bills for 2nd fiscal yr. have until 7 days after Labor Day of 2nd yr. of Congress to pass. Note: Authorizations pass at same time as appropriations each year.

(6) Other: none.

Comments: How different is this approach from the present system?

This bill would alter the present system in 1 respect: formalizes the recent practice by requiring 1 binding bud. res., covering, however, 2 yrs. instead of 1, and adds super majority vote to amend. Note: 1) it would retain present system of annual authorizations & appropriations; and 2) budget decisions of new Congress & new President would begin to go into effect in Oct. of 1st yr. of Congress & of 1st yr. of presidential term, as is currently the case.

S. 12 (Ford-Quayle)

This proposal has the following key features:

(1) Oversight: during entire Congress.

(2) Budget Actions: during entire Congress.

(3) Reconciliation: scope—direct spending only, not authorization of programs; used with 2nd bud. res. only; time allowed—7 weeks before end of fiscal period.

(4) Budget Resolutions: 2 (1st—target; 2nd—binding).

(5) Appropriations Action: approx. 8–12 mos. (8 mos. from passage of authorizations (Dec. 1); 12 mos. from passage of 1st bud. res. (Jul. 31)).

(6) Other: bud. res. information on revenues to include off-setting receipts & collections; various information & reporting requirements.

Comments: How different is this approach from the present system?

This bill would alter the present system in 6 respects: spreads the deadlines for bud. res., authorizations, and appropriations over 2 yrs.; establishes oversight period over an entire Congress, with report due to each House at end of biennium; budget decisions of new Congress & new President implemented in next Congress & last 2 yrs. of presidential term; specifically limits scope & timing of reconciliation; bud. res. & approp. bills cover 2 1-yr. periods; and formalizes recent practice of deferred enrollment of spending bills.

D. DRAFT PROPOSAL: COMPREHENSIVE BUDGET BILL APPROACH

This appendix contains the discussion draft and explanatory materials for the task force's proposal referred to as the "comprehensive budget bill approach." This proposal was developed simultaneous to (and as an alternative to) the "single budget resolution approach," H.R. 5247. The comprehensive budget bill approach was considered at length by the task force, but not introduced.

The materials contained in this appendix were prepared for use of the task force. These are identical to those contained in the Rules Committee print entitled "Discussion Drafts—Proposals to Improve the Congressional Budget Process," (98th Congress, 2nd Session).

Materials on the comprehensive budget bill approach appear in this appendix in the following order:

1. Summary
2. Detailed Outline
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I. SUMMARY OF THE COMPREHENSIVE BUDGET BILL APPROACH

The proposed draft bill strikes out all of Title III of the Congressional Budget Act of 1974 and substitutes a new Title III. It also contains amendments to other titles of the Budget Act and to relevant provisions of law and the Rules of the House of Representatives.

The key features of this proposal are:

FRAMEWORK. The proposal calls for Congress to adopt an annual comprehensive budget bill. This bill would include all regular appropriations, all new entitlement and credit legislation, and all revenue measures that are expected to become effective in the coming fiscal year. The final title of the budget bill would be a budget plan setting appropriate levels for total outlays, budget authority, entitlement authority, credit authority, revenues and tax expenditures.

The Budget Committee of each House will report a budget plan. The committee report accompanying such plan may include reconciliation directives requiring committees to report legislation to achieve specified changes in spending or revenues provided under current law (the reconciliation directives become effective immediately upon the Budget Committee report of the plan since there is no House or Senate vote on the plan until the entire budget bill is considered.) Committees will report spending, credit, and revenue legislation just as they do now.

The House Rules Committee will then report the comprehensive budget bill, consisting of seperate titles and parts for the various pieces of legislation reported by the other House Committees (with no substantive changes in the legislation as reported by those committees). Consideration in the House of Representatives of each part will proceed essentially as would consideration of any seperate piece of legislation, with the minority assured of an amendment similar to a motion to recommit, and with an amendment allowed which would be similar to a vote on final passsage on that part of the bill.

At any time after the enactment of the comprehensive budget bill, the Budget Committee of the House or Senate may report a budget plan which revises the plan already adopted, and Congress may consider a revised budget bill including the revised budget plan and legislation providing additional new spending authority, credit authority or revenues called for by that plan (the Budget Committee of the relevant House must report a plan to accompany any such legislation reported subsequent to enactment of the comprehensive budget bill).

The proposal provides that the budget bill shall not be enrolled until the House and Senate determine, by concurrent resolution, for the form or forms in which the comprehensive budget bill shall be sent to the President for signature.

ACCELERATED SCHEDULE. The proposal requires the President to submit his budget to Congress on the first Monday after January 3, committees of the House and Senate to report views and estimates to the Budget Committees by February 25, the House Budget Committee to report a budget plan to the House by March 15, and the Senate Budget Committee to report a budget plan to the Senate by June 1.

Other committees of the House are required to report budget bill legislation by May 15. The proposal requires that the House complete action on the comprehensive budget bill by June 30 and that the Senate complete action on the bill by August 15.

EXPANDED COVERAGE. The proposal brings credit programs, tax expenditures, and currently off-budget programs and agencies under the controls of the Budget Act. The proposal also expands current controls on backdoor spending by establishing a point of order against provisions of legislation which authorize financing mechanisms (other than entitlement authority) which would escape annual congressional review.

IMPROVED CONTROLS. Under the proposed comprehensive budget bill, control is established by the requirement to enact all spending, credit, and revenue legislation at the same time a Congressional Budget is adopted (any spending, credit, or revenue legislation considered subsequent to the enactment of the initial comprehensive budget bill must be considered as part of a new budget bill which includes a revised budget plan).

The proposal provides that in the House of Representatives, at the end of consideration of each title, if the revenue reductions or new spending or credit authority provided in that title exceed the allocation for discretionary action made to the committee with jurisdiction over programs in that title, the budget committee may offer an amendment to make the legislation included in that title consistent with the budget plan and the allocation made in conjunction with the plan.

If, at the end of consideration of all titles of the bill (except the budget plan title), the totals of revenue reductions or new spending or credit authority included in the bill are not consistent with the levels set forth in the budget plan, the Budget Committee shall offer an amendment to conform the budget plan to the provisions approved in the preceeding titles.

If this amendment fails, the Budget Committee may offer an amendment to any part or parts of the bill in order to make the budget plan title and the provisions of the other titles of the bill consistent.

If this amendment fails, further amendments to the bill are in order.

The proposal provides that no vote on final passage of the budget bill is in order in the House or Senate until the actual spending, credit, and revenue levels set in the budget bill are consistent with the totals set in the budget plan.

2. Detailed Outline

COMPREHENSIVE BUDGET BILL APPROACH

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I. AN EARLY START TO DISTRIBUTE WORKLOAD EVENLY THROUGH THE YEAR

A. ACCELERATED HOUSE ORGANIZATION

*January 3	The House will convene. (In recent years, a later date for convening has been set by statute.)
*Seven days after the House convenes in odd-number years	The House will elect its committees. (Currently, committees are required to be elected "at the commencement" of a new Congress.)

B. ACCELERATED SCHEDULE FOR AUTHORIZATION OF APPROPRIATIONS

*May 15 (prior year)	The President will submit year ahead authorization requests (as required now by the Budget Act).
*1st Monday after January 3	CBO will submit a report listing the expiring authorizations affecting the budget year. (This is a new requirement.)
*February 1	Beginning date for monthly leadership announcements of schedule for major authorizing legislation affecting the budget year. (The task force report will urge these monthly schedules as a way of promoting early consideration of authorizations.)

C. ACCELERATED BUDGET PLAN TIMETABLE

*1st Monday after January 3	The President will submit the budget. (Currently, he is required to submit it 15 days after Congress convenes.)
*Two weeks after budget submitted	The Executive will submit budget back-up materials, including justifications and proposed legislation involving taxes and direct spending. (This is a new requirement.)
*February 15	CBO will submit annual report to Budget Committees. (The required date for this report is April 1, but CBO normally submits it earlier.)

* Denotes provision is identical to one contained in single resolution approach.

*February 25	Committees will submit views and estimates to Budget Committees. (These are currently required on March 15.)
March 15	House Budget Committee will report budget plan. No floor vote on budget totals before consideration of comprehensive budget bill.
May 15	All spending, credit, and revenue measures will be reported.

D. OTHER MAJOR EARLY TIMETABLE FEATURES

*1. Multi-year and year-ahead authorizations. The task force report will urge committees to report multi-year, rather than annual, authorizations and to report year-ahead authorizations. The report will also urge committees to establish a "contingency" authorization, when feasible, which will permit timely consideration of appropriations when authorizing legislation is late.

*2. Full work weeks. The task force report will urge the scheduling of full work weeks early in the year to facilitate five-day hearing schedules and timely House consideration of authorizing legislation affecting the budget year.

*3. Elimination of authorization reporting deadline. The current May 15 reporting deadline for authorizations will be eliminated. Instead, the leadership will announce each month, beginning February 1, a schedule for authorizations affecting the budget year. House Rule XXI already establishes a requirement for enactment of authorizations prior to consideration of appropriations, and the Rules Committee will continue to consider waivers of that rule on an ad hoc basis.

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* Denotes provision is identical to one contained in single resolution approach.

II. BUDGET PLAN—CONTENT

A. EXISTING CONTENT

*1. Aggregates. Overall levels of budget authority, outlays, revenues, deficit, and debt limit will be included in the budget plan, as is currently the practice with budget resolutions.

2. Functions. Programmatic functions (e.g., health, agriculture, defense, energy) will be included in the report accompanying the budget plan. (They are currently included in budget resolutions.)

3. Outyears. Outyear planning figures for aggregates will be included in the budget plan for two years beyond the budget year, as in currently the practice with budget resolutions. For functional allocations, they will be included in the report.

4. New matters inserted by use of elastic clauses. Elastic clauses permitting procedural changes and other new matters to be included in a budget plan will be retained.

5. Reconciliation directives. Reconciliation directives for one or for three years (instructions to committees to find savings or raise revenue by changing existing law within their jurisdictions) may be included in the report accompanying a budget plan. (Under current practice, reconciliation directives for one year are included in the first budget resolution, with recommendations for two outyears.)

6. Committee allocations. The report accompanying the budget plan will include a one-or three-year allocation for discretionary action for each committee that has jurisdiction over legislation that is assumed in the plan. (In current practice, committee allocations are included in the House and Senate conference agreement on the budget resolution.)

B. MORE COMPREHENSIVE COVERAGE

*1. Off-budget activities.

a. Agencies, programs currently off-budget. The following agencies and programs will be required to be included in the President's budget and in the comprehensive budget bill: the Federal Financing Bank, the Rural Electrification Administration and Rural Telephone Bank, the Strategic Petroleum Reserve, the Synthetic Fuels Corporation, and the U.S. Railway Association. For budget accounting purposes, loans financed by the Federal Financing Bank will be attributed to the agency making the loan. (Under current law, the above-listed agencies are off-budget.) The Federal Reserve and the U.S. Postal Service will remain off-budget.

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* Denotes provision is identical to one contained in single resolution approach.

*b. Programs scheduled to be taken off budget. Three Social Security trust funds (OASI, DI, and HI) will remain on budget. (Under current law they are scheduled to be taken off budget in 1992.)

*c. Legislation proposing off-budget status. The Committee on Government Operations will have automatic sequential referral of any measure which would take an agency or program off budget. (This is a new House rule.)

*2. Credit.

*a. As a part of the budget plan. Aggregate levels of direct loan obligations and primary guarantee commitments will be included in the plan for the budget year and two planning years, subject to the same controls as spending. Functional levels will be included in the report. (In current practice, credit levels are included in the budget resolution, but for advisory purposes only.)

*b. Subject to appropriations. A provision of legislation providing for new or expanded credit authority will be subject to a point of order unless the provision authorizes an appropriation. (This is a new requirement, similar to the existing Budget Act restriction on contract and borrowing authority. Under this proposal, the point of order regarding "backdoor" contract and borrowing authority will apply to the provision of the bill, not to the bill itself.)

*3. Tax Expenditures.

*a. Inventory. CBO will be required to submit to Congress an inventory of tax expenditures, based on existing definitions in law, on February 15 of each year; that list will be used for purposes of the Congressional budget process.

*b. As part of the budget plan. The recommended change to the level of tax expenditures will be included in the budget plan separately from the recommended change in the overall level of revenue. Reconciliation instructions may direct a change in the level of revenue specifically from changes in tax expenditures. (Currently, tax expenditures are not included in the resolution.)

*4. Trade-offs in forms of federal commitment. The task force report will urge that, in marking up the budget plan, the Budget Committee experiment with various approaches to making trade-offs within each functional category among spending, credit activities, and tax expenditures. Such trade-offs could be modeled on the Canadian "envelope" system which is used to make trade-offs between spending and tax expenditures.

*5. Capital budget. The task force report will recommend improvements in the President's budget analysis of capital expenditures (Special Analysis D). No separate capital budget would be established. (This is consistent with the recommendations of the Comptroller General and the Committee for Economic Development.)

* Denotes provision is identical to one contained in single resolution approach.

*6. Monetary policy. The FY 84 budget resolution requested the Banking Committees to report on Congressional oversight of monetary policy. No change in the treatment of monetary policy in the budget process is being recommended by the task force at this time.

C. IMPROVED INFORMATION RELATING TO BUDGET PLANS

*1. Baseline projections. Revisions to the Act will include a definition of the budget baseline. Currently the lack of agreement on this definition causes much confusion in developing a budget resolution.

*2. Outlay/credit/tax expenditure comparison. CBO will be directed to conduct continuing studies to enhance comparisons of outlays, credit, and tax expenditures.

*3. Total level of federal commitment. The Budget Committee will be required to include in the report accompanying the budget plan information on the total level of Federal commitment for each function. The report will display the level of spending, tax expenditures and credit for each function so that total commitment in the various functions can be compared.

*4. Management functions. The task force report will urge the Budget Committee to display in the report on the budget plan a breakdown of the budget by management function (means-tested entitlements, non-means-tested entitlements, interest on the debt, defense, etc.)

III. IMPLEMENTING THE BUDGET PLAN—LEGISLATIVE PROCEDURES AND BUDGET CONTROLS

A. PACKAGING BUDGET LEGISLATION WITH THE BUDGET PLAN.

1. House reporting deadline. House committees will submit their budget legislation to the Rules Committee by May 15. Appropriations will report their thirteen regular bills and other committees may decide how their own legislation is reported (in a single omnibus bill or in separate bills).

2. Contents of comprehensive budget bill (The Rules Committee will determine the order for consideration of the following matters—except for the budget plan which will be the last title.)

   a. Appropriations. There will be one title for the Appropriations Committee, divided into thirteen separate parts.

   b. Other spending, credit measures. There will be a separate title for each of the other committees which reports one or more spending or credit measures. If a committee reports more than one bill, that committee's title will have a separate part for each bill reported.

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* Denotes provision is identical to one contained in single resolution approach.

c. Revenues. There will be a separate title for each committee which reports revenue measures (including offsetting receipts). If a committee reports more than one bill, that committee's title will have a separate part for each bill reported.

d. Budget plan. The final title will be the budget plan as reported by the Budget Committee.

e. Legislation under the jurisdiction of committees which fail to report as directed. If a committee fails to report legislation assumed in the budget plan, the Rules Committee may make in order an amendment to the comprehensive budget bill which would provide for such legislation.

f. Exception for relatively minor bills. Spending, credit or revenue bills not exceeding $10 million will be allowed to be considered under suspension of the rules.

B. HOUSE FLOOR CONSIDERATION

1. Preserving existing floor procedures. Motions comparable to a motion to recommit and final passage will be provided for each title or each separate part of a title (the equivalent of an individual bill).

2. Budget Committee amendments. At the end of consideration of a title, if the legislation as amended at that point would breach the committee of jurisdiction's allocation for discretionary action, a Budget Committee reported amendment limited to conforming the legislation to the budget plan will be in order.

3. Budget consistency.

   a. Budget Committee motion to conform plan to legislation. After the House completes consideration of all spending and revenue titles, the Budget Committee will offer a motion to conform the budget plan totals to completed House action on budget legislation.

   b. Budget Committee amendment. If the Budget Committee motion fails, the Budget Committee will offer an amendment (not subject to further amendment) to change portions of the comprehensive budget bill. That amendment must make budget legislation and totals in the budget plan consistent.

   c. Other committee amendments. If the Budget Committee amendment fails, the Rules Committee may make in order other amendments to the comprehensive budget bill. Such amendments will be required to be consistent, matching budget legislation with budget totals.

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* Denotes provision is identical to one contained in single resolution approach.

d. Final passage. The comprehensive budget bill may not be considered for final passage until budget legislation and totals in the budget plan are consistent.

4. House action deadline. The House will be required to complete action on the comprehensive budget bill by June 30 and will be precluded from considering a resolution providing for adjournment for the Independence Day District Work Period until the compreshensive budget bill is approved.

C. SENATE PROCEDURES.

1. Senate budget plan reporting deadline. The Senate Budget Committee will be required to report its budget plan by June 1.

2. Senate action deadline. The Senate will be required to complete action on the comprehensive budget bill by August 15.

[Senate procedures will be supplied by Senate.]

D. PRESIDENT'S SIGNATURE. After final adoption of the comprehensive budget bill, Congress will set forth (by concurrent resolution) for the way the bill will be broken into separate bills to be enrolled and sent to the President for signature.

E. IMPROVED CONTROL INFORMATION

1. Budget Committee scorekeeping report. By June 1, the House Budget Committee will submit to the Rules Committee a comparison of the reported spending and revenue measures with the budget plan and with the committee allocations based on the budget plan. This scorekeeping report will be included in the Rules Committee report accompanying the comprehensive budget bill.

2. Budget Committee scorekeeping update. From time to time during floor consideration of the comprehensive budget bill, the Budget Committee will inform the House on how the comprehensive bill, as amended, compares with the budget plan and with the committees' allocations.

3. Cost estimates. CBO cost estimates will be required in committee reports and conference reports on spending or revenue measures.

*4. Member user group. The Speaker will be required to appoint a group of members to advise him on issues—such as disputes over scorekeeping rules—that may develop during consideration of the comprehensive budget bill.

* Denotes provision is identical to one contained in single resolution approach.

F. DISCOURAGING THE USE OF NEW FINANCING MECHANISMS THAT ESCAPE ANNUAL REVIEW

*1. Description of financing mechanisms. As part of the CBO cost estimate currently required for committee-reported bills, CBO will be required to include a description of any proposed indirect financing mechanism (e.g. revolving funds, monetary credits). In addition, committees will be required to describe the proposed mechanism and explain why that mechanism is used instead of an annual appropriation.

*2. Point of order control. A new point of order will be established against the sections of any measure which provide an indirect financing mechanism.

*3. Limitation on use of suspensions. No measure including an indirect financing mechanism will be permitted to be considered under suspension calendar procedures. (This will be a new House rule.)

*4. Inventory. GAO will be directed to submit an annual report on indirect financing mechanisms in current law.

IV. FLEXIBILITY OF THE SYSTEM AFTER ADOPTION OF THE COMPREHENIVE BILL

A. SUBSEQUENT SPENDING AND REVENUE LEGISLATION

All subsequent spending and revenue legislation must be considered as a revision to the comprehensive budget bill. If a spending or revenue measure is reported after the comprehensive budget bill has been considered, then the Budget Committee must report a plan to accompany it. If the Budget Committee fails to report a subsequent plan, the Rules Committee may make in order an amendment to the legislation providing budget totals. However, the budget plan and the legislation must be considered for final passage.

B. SUBSEQUENT BUDGET PLANS

If the Budget Committee reports a revised budget plan subsequent to House action on the comprehensive budget bill, then implementing legislation must be reported to accompany it. If the committee of jurisdiction fails to report accompanying legislation in a timely manner, the Rules Committee may make in order an amendment to the budget plan.

* Denotes provision is identical to one contained in single resolution approach.

3. SECTION BY SECTION SUMMARY
OF THE COMPREHENSIVE BUDGET BILL

Title I—Congressional Budget Process

Section 101. This section amends Title III of the Congressional Budget Act of 1974. The section numbers in this summary refer to Title III as amended.

Section 300. Timetable. This section sets forth the timetable for the congressional budget process.

Section 301. Annual Budget Plan.

a) Content of Budget Plan. This subsection requires the House Budget Committee to report a budget plan, in the form of a resolution, by March 15 of each year. The Senate Budget Committee must report its budget plan by June 1. Each budget plan sets forth appropriate levels for the coming fiscal year and planning levels for the two ensuing fiscal years, including aggregate levels for total new budget authority, budget outlays, entitlement authority, credit authority, revenues, the surplus or deficit and the public debt. The budget plans include the total amount by which revenues and tax expenditures should be changed. If required by subsection (d), the plans also state the calender year in which, in Congress' opinion, the goals for reducing unemployment set forth in the Employment Act of 1946 should be achieved. Any other matters or procedures appropriate to carry out the purposes of the Act may also be included.

b) Views and Estimates of Other Committees. This subsection requires each standing committee of the House or of the Senate to submit its views and estimates, with regard to any matter in a budget plan relating to its jurisdiction, to its Budget Committee by February 25. All other committees of the House or of the Senate and all joint committees may also submit such views and estimates. The Joint Economic Committee is required to submit fiscal policy recommendations to both budget committees for achieving the goals of the Employment Act of 1946.

c) Hearings and Report. This subsection requires the budget committee of each House to hold hearings and receive testimony from Members of Congress, appropriate representatives of Federal departments and agencies, the general public, and national organizations. A budget plan report must include a comparison of the budget aggregates recommended in the budget plan with those estimated and requested by the President, a function by function comparison of the plan to the President's budget, a controllability analysis for each functional category, an allocation of total revenues among major sources, a statement of economic assumptions and objectives, five year projections, a tax expenditures budget, an analysis of Federal assistance to State and local governments, a comparison of different forms of Federal commitment by functional category, and information on how the committee determined the content of the budget plan. The report accompanying a budget plan may also include reconciliation directives described in section 308 of this title.

d) Achievement of Goals for Reducing Unemployment. This subsection provides that if an Economic Report of the President recommends that the unemployment goals of the Employment Act of 1946 be achieved after the deadline set by that Act, then the Congress may state, in its budget plan, the year by which it believes the unemployment goals can be achieved. If an Economic Report subsequently is submitted by a President recommending a year different from the one Congress stated for achieving the unemployment goals of the Act, then Congress may put in subsequent budget plans the year by which it believes the goals can be achieved.

Section 302. Committee Allocations

a) Allocation for Discretionary Action. This subsection provides that the report accompanying a budget plan must include an allocation for discretionary action to each committee of the House and Senate with jurisdiction over bills and resolutions that would implement such action. The allocations would be for either the budget year or the total of the budget year and the two ensuing fiscal years, and would cover new budget authority, new entitlement authority, new credit authority and changes in revenues and tax expenditures.

b) Subsequent Budget Plans. This subsection provides that in the case of any subsequent budget plan the allocations described in subsection a) are required only to the extent necessary to cover revisions in such subsequent budget plan.

c) Division of Budget Totals Among Committees. This subsection requires, for purposes of information, that the report accompanying a budget plan include a distribution of total new budget authority, total budget outlays and total new credit authority among committees of the House and the Senate with jurisdiction over such authorities.

Section 303. Appropriation, Entitlement, Credit and Revenue Measures Must be Considered Pursuant to Section 304 and 309. This section prohibits consideration in either House of any bill, resolution, or amendment which provides new budget authority, new entitlement authority, new credit authority or provides increases or decreases in revenues unless such measure is considered as part of a comprehensive budget bill (under the procedures described in sections 304 and 309 of this title).

Section 304. Revisions of Comprehensive Budget Bill. This section provides that, at any time after the comprehensive budget bill is enacted, the Budget Committee of each House must report a revised budget plan if it deems such revisions necessary or if legislation providing new budget authority, new entitlement authority, new credit authority or changing revenues is reported to its House; this new budget plan becomes the final title of such legislation. In the House, amendments to the budget plan title are limited. This legislation will then be considered under the provisions of section 309 of this title.

Section 305. Committee Action on Appropriation, Entitlement, Credit and Revenue Bills. This section requires all committees with jurisdiction over legislation providing new budget authority, new spending authority, new credit authority or revenues to report all such legislation for the next fiscal year by May 15 of each year. The Appropriations Committee is required to report legislation covering the jurisdiction of each of its subcommittees.

Section 306. Requirement to Report Legislation.

a) Legislation Required by Reconciliation. This subsection permits the Rules Committee to make in order amendments to the comprehensive budget bill if committees receiving reconciliation directives fail to report promptly legislation to achieve specified changes.

b) Other Required Legislation. This subsection permits the Rules Committee to make in order amendments to the comprehensive budget bill if a committee fails to report legislation required by section 309 of this title.

Section 307. Reports, Summaries, and Projections of Congressional Budget Actions.

a) Reports on Legislation Providing New Budget Authority, New Spending Authority, New Credit Authority, or Providing an Increase or Decrease in Revenues or Tax Expenditures. This subsection provides that any report filed in either House providing new budget authority, new spending authority, new credit authority, or providing for an increase or decrease in revenues or tax expenditures shall include the following information prepared after consultation with the Director of the Congressional Budget Office: a comparison of the discretionary action levels in the measure with the comparable allocations included in the section 302 report submitted pursuant to the most recent budget plan; an estimate of outlays expected to result from the measure; an identification of any new spending authority described by section 401(c)(2) or authorization of new credit authority contained in the measure; a Congressional Budget Office five year projection of how the measure will affect levels of comparable authority available under existing law; and a statement of new budget authority for assistance to State and local governments.

b) Up-to-Date Tabulations of Congressional Budget Actions. This subsection requires the Congressional Budget Office to assist the Budget Committees in their task of scorekeeping during consideration of the comprehensive budget bill.

c) Five-Year Projection of Congressional Budget Action. This subsection requires the Congressional Budget Office to issue, after the enactment of the comprehensive budget bill, a report projecting for each of the next five years new budget authority, outlays, revenues and their major sources, the surplus or deficit, tax expenditures, entitlement authority and credit authority.

Section 308. Reconciliation:Inclusion of Reconciliation Directives in Reports Accompanying Budget Plans. This section permits any report accompanying a budget plan to direct a committee to recommend legislation to achieve specified changes in the amounts of budget authority, entitlement authority, credit authority, revenues, or tax expenditures provided by laws within its jurisdiction for the budget year, or to achieve specified changes for the total of the budget year and the two following fiscal years. It also prohibits reconciliation directives which would change authorizations for appropriations.

Section 309. Completion of Action on the Comprehensive Budget Bill.

a) Reporting of Comprehensive Budget Bill. This subsection requires the Rules Committee to report a comprehensive budget bill by May 15 and permits the Rules Committee to determine the order in which the titles of the bill will be considered. The report accompanying the comprehensive budget bill must include a comparison of budget totals resulting from reported legislation with totals in the budget plan and a comparison of discretionary action allocations made pursuant to section 302 with estimates of new budget authority, new entitlement authority, new credit authority and changes in levels of revenue and tax expenditures resulting from the spending, credit and revenue titles.

b) Content of the the Comprehensive Budget Bill. This subsection sets out the contents of the comprehensive budget bill: one title for all bills reported by the Appropriations Committee (each part of the title will consist of an Appropriations subcommittee bill); a separate title for each committee reporting legislation providing new spending authority or new credit authority (each part of a title will consist of one bill from the committee); a separate title for revenues with separate parts for each bill reported by the revenue committee, and; the final title which consists of the budget plan as reported.

c) Consideration by the House of Representatives. This subsection lays out the procedures for consideration of the comprehensive budget bill. The House may begin consideration of the comprehensive budget bill only after the report has been available to Members for five days (excluding Saturdays, Sundays and legal holidays). It will be considered in the Committee of the Whole and read for amendment by title (or, if so divided, by part within a title) under the five-minute rule. An amendment in the nature of a substitute is not in order until the bill is considered for amendment in its entirety.

Consideration of all spending, credit and revenue titles will be as follows: after disposing of all amendments to a title (or, if so divided, a part), an amendment comparable to the motion to recommit will be in order followed by a vote comparable to final passage.

Then, if the title (as amended) would breach a committee's 302(a) discretionary action allocation, the Budget Committee may offer an amendment. Such amendment is limited to conforming the bill to the budget plan.

The final title, the budget plan as reported, will be considered as having been read for amendment. The only amendment that will be in order will be one offered by the Budget Committee making the plan consistent with the preceding titles as amended. If the Budget Committee amendment is adopted, the Committee of the Whole will report the comprehensive budget bill with adopted amendments to the House, the previous question will be considered as ordered and no motion to recommit will be in order.

If the Budget Committee amendment is rejected, the Budget Committee may offer another amendment changing any or all titles of the bill. If this amendment is adopted, the bill is reported to the House and considered as above. If the amendment is rejected, the Committee on the Whole will rise without motion. When the Committee resumes consideration of the bill, other amendments will be in order. When the Committee concludes its consideration of the bill for amendment, the Committee will rise, report the bill with amendments, the previous question will be considered as ordered and no motion to recommit will be in order.

It will not be in order to consider the bill for final passage unless the totals in the budget plan are consistent with the rest of the bill.

d) Consideration by the Senate.

e) Completion of Action on the Comprehensive Budget Bill. This subsection places a point of order against consideration in the House of any resolution providing for a three day or longer adjournment in July unless the House has approved a comprehensive budget bill for the coming fiscal year. This subsection also requires the Senate to approve the comprehesive budget bill by August 15.

f) Information Contained in the Joint Statement. This subsection requires the joint explanatory statement accompanying the conference report on a comprehensive budget bill to include a statement of economic assumptions and divisions of budget totals among House and Senate committees and among major functional categories.

g) Enrollment. The comprehensive budget bill will not be enrolled until both Houses agree, by concurrent resolution, on the form or forms by which the bill will be enrolled.

TITLE II - AMENDMENTS TO TITLE IV OF THE CONGRESSIONAL BUDGET ACT OF 1974

Section 201. A New Spending Authority. Subsection (a) amends the heading of section 401 (a) of the Congressional Budget Act of 1974 to read: "Controls on Provisions of Legislation Providing Contract or Borrowing Authority.". This subsection makes the point of order applicable to provisions contained in bills, resolutions and conference reports.

Subsection (b) strikes the language of section 401(b) of the Congressional Budget Act and substitutes a new control provision. The new subsection prohibits consideration of any provision of legislation that provides monetary credits or residual spending authority (described by subparagraphs 401(c)(2)(D) & (E) of the Congressional Budget Act as amended by this Act) unless that provision also limits the use of authority to the extent provided in appropriation Acts.

Subsection (c) makes the effective date of the two forms of new spending authority described by subsection (d), which follows, the same date on which subsection (d) becomes effective.

Subsection (d) describes two new forms of spending authority. The first, described in a new section 401 (c)(2)(D) of the Congressional Budget Act, is monetary credits, that is authority to forego collection of offsetting receipts which is not provided in advance by appropriation Acts. The second, described in a new section 401(c)(2)(E) of the Congressional Budget Act, is residual spending authority, that is, all forms of spending authority for the United States Government to make payments other than those already described by the Congressional Budget Act (contract authority, borrowing authority, entitlement authority, monetary credits), and other than authority provided by appropriation Acts.

Subsection (e) establishes a new subsection 401(e) of the Congressional Budget Act, which provides that estimates of new entitlement authority for a fiscal year shall be based on a cost estimate of changes from current law at the time the legislation providing the new entitlement authority is enacted.

Section 202. Credit Authority. This section prohibits consideration of provisions of legislation providing authority to incur new direct loan obligations or new primary loan guarantee commitments unless that legislation also limits the use of such authority to the extent provided in appropriation Acts. This provision affects legislation considered after the date on which this section becomes effective.

Sections 203. Description by Congressional Budget Office. This section amends section 403 of the Congressional Budget Act to require the Congressional Budget Office to provide, along with its cost estimate of legislation to be reported, a description of each method for establishing a Federal financial commitment contained in that legislation.

Section 204. General Accounting Office Study. This section amends title IV of the Congressional Budget Act by adding the following three sections:

Section 405 of the Congressional Budget Act. Study by the General Accounting Office of Forms of Federal Financial Commitment that Are Not Reviewed Annually by Congress. This section sets forth a new section 405 for the Congressional Budget Act which requires the General Accounting Office to study all provisions of law providing spending authority described by section 401(c)(2) of the Congressional Budget Act (contract authority, borrowing authority, entitlement authority, monetary credits, and residual authority) and report to Congress its recommendations on the appropriate form of financing for all programs and activities financed by these provisions. The report is due eighteen months from the effective date of this section and shall be revised from time to time.

Section 406 of the Congressional Budget Act. Off-Budget Agencies, Programs and Activities.

a) This subsection requires the budgetary activites of the following agencies to be included in the totals of the budgets submitted by the President and considered by Congress: the Federal Financing Bank, the Rural Electrification Administration and Rural Telephone Bank, the Strategic Petroleum Reserve Account, the United States Synthetic Fuels Corporation, the United States Railway Association, the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, and the Health Insurance Trust Fund.

(b) This subsection assigns resulting budget outlays to the Federal agency responsible for originating credit authority which is then financed by the Federal Financing Bank.

(c) This subsection requires reported legislation that removes a department, agency, program, or activity from the totals of the budget submitted by the President or considered by the Congress to be referred to the Committee on Government Operations, which shall have jurisdiction to report the legislation with an amendment to strike or amend the provisions having this effect.

Section 407 of the Congressional Budget Act. Member User Group. This section requires the Speaker, after consulting with the Minority Leader, to appoint a Member User Group, which shall review the scorekeeping rules and practices of the House and report to the Speaker from time to time on their effect and impact.

TITLE III — ADDITIONAL PROVISIONS TO IMPROVE BUDGET PROCEDURES

Section 301. Definitions.

Subsection (a) amends section 3 of the Congressional Budget Act to include in the definition of budget authority the authority to make offsetting collections (or to affect their usage).

Subsection (b) adds to section 3 of the Congressional Budget Act two new definitions. A new paragraph 6 defines "allocation for discretionary action" to mean an amount for control of congressional action covering new budget authority (excluding budget authority to cover entitlement authority), new credit authority, new entitlement authority, new direct loan obligations, new primary loan guarantee commitments, and covering changes in revenues and tax expenditures. A new paragraph 7 defines spending authority described by section 401(c)(2)(C) of the Congressional Budget Act to be "entitlement authority."

Section 302. Congressional Budget Office.

Subsection (a) amends section 201(a)(2) of the Congressional Budget Act to provide for the Speaker and the President pro tempore of the Senate to consider recommendations of committees of the respective Houses prior to appointing the Director of the Congresssional Budget Office.

Subsection (b) amends section 202(f)(1) of the Congressional Budget Act to require submission of the annual CBO report to the Budget Committees by February 15 of each year.

Subsection (c) amends Section 202(f) of the Congressional Budget Act by adding paragraphs (3) and (4). Paragraph (3) requires the Director to submit to the Congress by the first Monday after January 3 a report lisitng all programs and activities lacking authorizations for appropriations in the upcoming budget year. Paragraph (4) sets forth the requirement that baseline projections for permanent authority assume current laws continue unchanged and that baseline projections for all discretionary appropriations assume continuation of current year funding with an adjustment for inflation.

Subsection (d) adds subsection (h) and (i) to section 202 of the Congressional Budget Act. Subsection (h) requires the Director to conduct studies to enhance comparisons of budget outlays, credit authority, and tax expenditures. Subsection (i) requires the Director to submit to the Congress by February 15 of each year an inventory of tax expenditures, which shall be regarded as tax expenditures for the purposes of the Congressional Budget Act.

Section 303. Current Services Budget. This section amends section 605 (a) of the Congressional Budget Act to require the President to submit a current services budget concurrently with the annual budget submission on the first Monday following January 3 of each year.

Section 304. Study of Off-Budget Agencies. This section repeals section 606 of the Congressional Budget Act, which requires the Budget Committees to study provisions of law establishing off-budget status for agencies and to report recommendations to their respective House from time to time.

Section 305. Jurisdiction of Committee on Government Operations. This section changes House rules to conform to the amended section 406 of the Congressional Budget Act, which provides for referral to the Government Operations Committe of legislation establishing off-budget status for Departments and agencies.

Section 306. Continuing Study of Congressional Budget Process. This section amends House rules to provide for the Rules Committee to study the congressional budget process and report its findings and recommendations to the House from time to time.

Section 307. Early Election of Committees of the House. This section requires the election of committees of the House within 7 calendar days after a new Congress convenes.

Section 308. Rescissions and Transfers in Appropriations Bills. This section amends the House rules to permit consideration of appropriations bills containing rescissions of appropriations and transfers of unexpended balances within the department or agency for which they were originally appropriated.

Section 309. Limitations on Use of Suspensions in the House. This section amends the House rules by adding a two part clause limiting the kinds of legislation that may be considered under suspensions of the rules. Paragraph (a) prohibits consideration of legislation providing new budget authority, entitlement authority, credit authority, or changing revenues or tax expenditures in an amount exceeding $10,000,000. Amounts provided in legislation shall be determined on the basis of Budget Committee estimates.

Paragraph (b) prohibits consideration under suspension of legislation providing borrowing authority, contract authority, monetary credits, or residual spending authority as described by section 401(c)(2) of the Congressional Budget Act.

TITLE IV—AMENDMENTS TO SUBTITLE II OF TITLE 31, UNITED STATES CODE

Section 401. Submission of President's Budget. Subsection (a) requires submission of the President's Budget by the first Monday after January 3 of each year.

Subsection (b) requires submission of justifications including detailed explanations of budget requests and the text of language necessary to implement proposals affecting revenues and entitlements within two weeks of the budget submission.

Section 402. Supplemental Budget Estimates and Changes. This section repeals the United States Code requirement for submission by the President of budget reestimates by April 10 of each year.

Section 403. Current Services Budget. This section amends the U.S. Code to require the President to submit a current services budget concurrently with the annual budget submission on the first Monday following January 3 of each year.

TITLE V — TECHNICAL AND CONFORMING AMENDMENTS

This title includes miscellaneous provisions making changes in the Congressional Budget Act and the House Rules to conform with the provisions of this Act.

TITLE VI — EFFECTIVE DATE

Section 601. Effective Date. This section makes the provisions of the Act effective at noon January 3, 1985 and requires them to be reflected in the Fiscal Year 1986 Budget submitted by the President in January 1985.

4. DISCUSSION DRAFT

[COMPREHENSIVE BUDGET BILL APPROACH]

[Discussion Draft]
JANUARY 25, 1984

98TH CONGRESS
2D SESSION

H. R. ______

IN THE HOUSE OF REPRESENTATIVES

Mr. BEILENSON introduced the following bill; which was referred to the Committee on ____________

A BILL

To amend the Congressional Budget Act of 1974 to improve the congressional budget process, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the ''______________________''.

TITLE I--CONGRESSIONAL BUDGET PROCESS

SEC. 101. Title III of the Congressional Budget Act of 1974 is amended to read as follows:

''TITLE III--CONGRESSIONAL BUDGET PROCESS

''TIMETABLE

''SEC. 300. The timetable with respect to the congressional budget process for any fiscal year is as follows:

''On or before:	Action to be completed:
First Monday after January 3-------	President submits his budget.
February 15------------------------	Congressional Budget Office submits report to Budget Committees.
February 25------------------------	Committees submit views and estimates.
March 15---------------------------	House Budget Committee reports budget plan.
May 15-----------------------------	House committees report appropriation, entitlement, credit, and revenue measures.
June 1-----------------------------	Senate Budget Committee reports budget plan.
June 30----------------------------	House completes action on comprehensive budget bill.
August 15--------------------------	Senate completes action on comprehensive budget bill.
October 1--------------------------	Fiscal year begins.

''ANNUAL BUDGET PLAN

''SEC. 301. (a) CONTENT OF BUDGET PLAN.--On or before March 15 of each year, the Committee on the Budget of the House of Representatives shall report, by resolution, a budget plan for the fiscal year beginning on October 1 of such year. On or before June 1 of each year, the Committee on the Budget of the Senate shall report, by resolution, a budget plan for the fiscal year beginning on October 1 of such year. Each budget plan shall set forth appropriate levels for the fiscal year beginning on October 1 of such year, and planning levels for each of the two ensuing fiscal years, for the following--

''(1) total new budget authority, budget outlays, entitlement authority, direct loan obligations, and primary loan guarantee commitments;

''(2) total Federal revenues and the amount, if any, by which the aggregate level of Federal revenues should be increased or decreased by bills and resolutions to be reported by the appropriate committees; and the amount, if any, by which the aggregate level of tax expenditures should be increased or decreased by bills and resolutions to be reported by the appropriate committees;

''(3) the surplus or the deficit in the budget;

''(4) the public debt; and

''(5) if required by subsection (e), the calendar year in which, in the opinion of the Congress, the goals for reducing unemployment set forth in section 4(b) of the Employment Act of 1946 should be achieved;

and may include such other matters, and require such other procedures, relating to the budget as may be appropriate to carry out the purposes of this Act.

''(b) VIEWS AND ESTIMATES OF OTHER COMMITTEES.--On or before February 25 of each year, each standing committee of the House of Representatives shall submit to the Committee on the Budget of the House and each standing committee of the Senate shall submit to the Committee on the Budget of the Senate--

''(1) its views and estimates (as determined by the committee making such submission) with respect to all matters set forth in subsection (a) which relate to matters within the jurisdiction or functions of such committee; and

''(2) estimates of the total amount of new budget authority, new credit authority, new entitlement authority, the total amount of outlays resulting from such authorities, and estimates of changes in revenues and tax expenditures to be provided by all bills and resolutions within the jurisdiction of such committee,

which such committee intends to be effective during the fiscal year beginning on October 1 of such year.
The Joint Economic Committee shall submit to the Committees on the Budget of both Houses its recommendations as to the fiscal policy appropriate to the goals of the Employment Act of 1946. Any other committee of the House of Senate may submit to the Committee on the Budget of its House, and any joint committee of the Congress may submit to the Committees on the Budget of both Houses, its views and estimates with respect to all matters set forth in subsection (a) which relate to matters within its jurisdiction or functions.

''(c) HEARINGS AND REPORT.--In developing the budget plan referred to in subsection (a) for each fiscal year, the Committee on the Budget of each House shall hold hearings and shall receive testimony from Members of Congress and such appropriate representatives of Federal departments and agencies, the general public, and national organizations as the committee deems desirable. Each of the recommendations as to short-term and medium-term goals set forth in the report submitted by the members of the Joint Economic Committee under subsection (b) may be considered by the Committee on the Budget of each House as part of its consideration of such budget plan, and its report may reflect its views thereon, and on how the estimates of revenues and levels of budget authority and outlays set forth in such budget plan are designed to achieve any goals it is recommending. The report accompanying such budget plan shall include, but not be limited to--

''(1) a comparison of the appropriate levels of total budget outlays, total new budget authority, total entitlement authority, and total direct loan obligations and primary loan guarantee commitments, as set forth in such budget plan, with total levels estimated and requested in the budget submitted by the President;

''(2) a comparison of levels of new budget authority, budget outlays, entitlement authority, direct loan obligations, and primary loan guarantee commitments for each major functional category, based on allocations of the total levels set forth pursuant to subsection (a)(1) with functional category levels estimated and requested in the budget submitted by the President;

''(3) with respect to each major functional category, an estimate of budget outlays and an appropriate level of new budget authority for all proposed programs and for all existing programs (including renewals thereof), with the estimate and level for existing programs being divided between permanent authority and funds provided in appropriation Acts, and each such division being subdivided between controllable amounts and all other amounts;

''(4) a comparison of revenues estimated by the committee with those estimated in the budget submitted by the President;

''(5) an allocation of the level of Federal revenues recommended in the budget plan among the major sources of such revenues;

''(6) the economic assumptions and objectives which underlie each of the matters set forth in such budget plan and alternative economic assumptions and objectives which the committee considered;

''(7) projections, not limited to the following, for the period of five fiscal years beginning with such fiscal year of the estimated levels of total budget outlays, total new budget authority, the estimated revenues to be received, and the estimated surplus or deficit, if any, for each fiscal year in such period, and the estimated levels of tax expenditures (the tax expenditures budget) by major functional categories;

''(8) a statement of any significant changes in the proposed levels of Federal assistance to State and local governments;

''(9) a comparison of Federal priorities by functional category including budget authority and outlays, direct loan obligations and primary loan guarantee commitments, and tax expenditures;

''(10) information, data, and comparisons indicating the manner in which, and the basis on which, the committee determined each of the matters set forth in the budget plan; and

''(11) reconciliation directives described in section 308.

''(d) ACHIEVEMENT OF GOALS FOR REDUCING UNEMPLOYMENT.--

''(1) If, pursuant to section 4(c) of the Employment Act of 1946, the President recommends in the Economic Report that the goals for reducing unemployment set forth in section 4(b) of such Act be achieved in a year after the close of the five-year period prescribed by such subsection, the budget plan for the fiscal year beginning after the date on which such Economic Report is received by the Congress may set forth the year in which, in the opinion of the Congress, such goals can be achieved.

''(2) After the Congress has expressed its opinion pursuant to paragraph (1) as to the year in which the goals for reducing unemployment set forth in section 4(b) of the Employment Act of 1946, can be achieved, if, pursuant to section 4(e) of such Act, the President recommends in the Economic Report that such goals be achieved in a year which is different from the year in which the Congress has expressed its opinion that such goals should be achieved, either in its action pursuant to paragraph (1) or its most recent action pursuant to this paragraph, the budget plan for the fiscal year beginning after the date on which such Economic Report is received by the Congress may set forth the year in which, in the opinion of the Congress, such goals can be achieved.

''COMMITTEE ALLOCATIONS

''SEC. 302. (a) ALLOCATION FOR DISCRETIONARY ACTION.--The committee report accompanying the budget plan for a fiscal year shall include an estimated allocation for discretionary action for such fiscal year or for the total of such fiscal year and each of the two ensuing years, based upon such budget plan, of new budget authority (excluding such authority to cover entitlement authority), new entitlement authority, revenues, tax expenditures, new direct loan obligations, and new primary loan guarantee commitments to each committee which has jurisdiction over bills and resolutions that would implement such action.

''(b) SUBSEQUENT BUDGET PLANS.--In the case of a subsequent budget plan referred to in section 304, the allocations under subsection (a) shall be required only to the extent necessary to take into account revisions made in the most recently agreed to budget plan.

''(c) DIVISION OF BUDGET TOTALS AMONG COMMITTEES.--For purposes of information, the report accompanying a budget plan shall include an estimated division, based upon such budget plan of the appropriate levels of total budget outlays, total new budget authority, and total credit authority among each committee of the House of Representatives and the Senate which has jurisdiction over such authorities.

''APPROPRIATION, ENTITLEMENT, CREDIT, AND REVENUE MEASURES MUST BE CONSIDERED PURSUANT TO SECTION 304 OR 309

''SEC. 303. It shall not be in order in the House of Representatives or Senate to consider any bill or resolution (or amendment thereto) which provides new budget authority, new entitlement authority, new credit authority, or revenues, unless such bill or resolution (or amendment thereto) is considered under the procedures provided in section 304 or 309.

''REVISIONS OF COMPREHENSIVE BUDGET BILL

''SEC. 304. At any time after the comprehensive budget bill for a fiscal year has been enacted pursuant to section 309, and before the end of such fiscal year, the Committee on the Budget of each House shall report a budget plan which revises the most recently enacted budget plan for such fiscal year if it deems such revisions necessary, or if additional legislation is reported to its House which contains new budget authority, new entitlement authority, new credit authority, or revenues. Such budget plan shall become the final title of such legislation. No amendment, including an amendment in the nature of a substitute, shall be in order to change such title in the House or in the Committee of the Whole, except an amendment recommended by the Committee on the Budget of the House which shall not be subject to amendment. Such legislation shall be considered under the provisions of section 309.

''COMMITTEE ACTION ON APPROPRIATION, ENTITLEMENT, CEDIT, AND REVENUE BILLS

''SEC. 305. On or before May 15 of each year each committee of the House of Representatives with jurisdiction over legislation providing new budget authority, new entitlement authority, new credit authority, or revenues shall report all such legislation anticipated to become for the fiscal year beginning on October 1 of such year. The Committee on Appropriations shall report bills covering the jurisdiction of each of its subcommittees.

''REQUIREMENT TO REPORT LEGISLATION

''SEC. 306. (a) LEGISLATION REQUIRED BY RECONCILIATION.--The Committee on Rules may make in order amendments to achieve changes specified by reconciliation directives made pursuant to section 308 if a committee or committees of the House fails to report legislation pursuant to its directive.

''(b) OTHER REQUIRED LEGISLATION.--The Committee on Rules may make in order amendments to permit consideration of legislation required pursuant to section 309(a) if a committee of the House fails to report legislation pursuant to that requirement.

''REPORTS, SUMMARIES, AND PROJECTIONS OF CONGRESSIONAL BUDGET ACTIONS

''SEC. 307. (a) REPORTS ON LEGISLATION PROVIDING NEW BUDGET AUTHORITY, NEW SPENDING AUTHORITY, NEW CREDIT AUTHORITY, OR PROVIDING AN INCREASE OR DECREASE IN REVENUES OR TAX EXPENDITURES.--Whenever a committee of either House reports a bill or resolution to its House providing new budget authority (other than continuing appropriations), new entitlement authority, new credit authority, or providing an increase or decrease in revenues or tax expenditures for a fiscal year, the report accompanying that bill or resolution shall contain a statement, or the committee shall make available such a statement in the case of an approved committee amendment, prepared after consultation with the Director of the Congressional Budget Office--

''(1) comparing the discretionary action levels in any such measure to the allocations for discretionary action in the report submitted under section 302 with respect to the budget plan for such fiscal year;

''(2) setting forth outlays estimated to result from such measures;

''(3) including an identification of any new spending authority described in section 401(c)(2) or authorization of new credit authority described in section 402(b)(2) which is contained in the bill or resolution and a justification for the use of such financing method instead of annual appropriations;

''(4) containing a projection by the Congressional Budget Office of how such provisions will affect the levels of such spending authority, revenues, tax expenditures, or credit authority under existing law for such fiscal year and each of the four ensuing fiscal years; and

''(5) setting forth the level of new budget authority for assistance to State and local governments provided by such measures.

''(b) UP-TO-DATE TABULATIONS OF CONGRESSIONAL BUDGET ACTIONS.--The Director of the Congressional Budget Office shall provide to the committees on the Budget of the House and the Senate timely and comprehensive scorekeeping assistance during consideration of the comprehensive budget bill by the House of Representatives and the Senate and during consideration of any revision of a budget plan.

''(c) FIVE-YEAR PROJECTION OF CONGRESSIONAL BUDGET ACTION.--After enactment of a comprehensive budget bill for a fiscal year, the Director of the Congressional Budget Office shall issue a report projecting for the period of 5 fiscal years beginning with such fiscal year--

''(1) total new budget authority and total budget outlays for each fiscal year in such period;

''(2) revenues to be received and the major sources thereof, and the surplus or deficit, if any, for each fiscal year in such period;

''(3) tax expenditures for each fiscal year in such period;

''(4) entitlement authority for each fiscal year in such period; and

''(5) credit authority for each fiscal year in such period.

''RECONCILIATION

''SEC. 308. INCLUSION OF RECONCILIATION DIRECTIVES IN REPORTS ACCOMPANYING BUDGET PLANS.--The committee report accompanying any budget plan may, to the extent necessary to effectuate the provisions and requirements of such plan--

''(1) specify the total amount for such fiscal year or the total amount for such fiscal year and the total of two ensuing fiscal years by which--

''(A) budget authority;

''(B) spending authority described in section 401(c)(2);

''(C) credit authority;

''(D) revenues; or

''(E) tax expenditures;

provided by laws, bills, and resolutions within the jurisdiction of a committee is to be changed and direct that committee to recommend legislation to accomplish a change of such total amount; and

''(2) specify and direct any combination of the matters described in paragraph (1).

In no event may the committee report direct any committee to change laws, bills, or resolutions to increase or decrease an authorization for enactment of budget authority for any fiscal year.

''COMPLETION OF ACTION ON THE COMPREHENSIVE BUDGET BILL

''SEC. 309. (a) REPORTING OF COMPREHENSIVE BUDGET BILL.--

''(1) Each committee which reports a bill pursuant to section 304 or 305 shall submit such bill to the Committee on Rules which, upon receiving all such bills, shall promptly report to the House a comprehensive budget bill for the fiscal year as set forth in subsection (b) which contains all such bills without any substantive revision and the budget plan as reported under section 301.

''(2) The Committee on Rules shall determine the order of the various titles comprising the comprehensive budget bill to be considered by the House of Representatives, except that the budget plan shall be the final title.

''(3) The report of the Committee on Rules accompanying the comprehensive budget bill shall include information provided by the Committee on the Budget as follows:

''(A) A comparison of the aggregate levels of budget outlays, new budget authority, entitlement authority, direct loan obligations, primary loan guarantee commitments, and revenues, the surplus or deficit in the budget, and the public debt set forth in the budget plan reported pursuant to section 301 with estimates of what the aggregate levels of such items would be if the comprehensive budget bill (except for the final title) were enacted as reported to the House.

''(B) A comparison, on a committee by committee basis, of the allocation for discretionary action for each committee in the report accompanying the budget plan with the discretionary action levels contained in the comprehensive budget bill (except for the final title) as reported to the House.

''(b) CONTENT OF THE COMPREHENSIVE BUDGET BILL.--The comprehensive budget bill for a fiscal year shall contain the following:

''(1) A separate title for bills reported by the Committee on Appropriations, with each bill affecting the jurisdiction of a subcommittee of that committee comprising a part of that title.

''(2) A separate title for each committee reporting one or more spending bills, each title of which shall be comprised of a separate part for each such bill reported by that committee.

''(3) A separate title for each committee reporting one or more bills providing revenues for the fiscal year, each title of which shall be comprised of a separate part for each such bill reported by that committee.

''(4) A final title containing the congressional budget plan as reported pursuant to section 301.

''(c) CONSIDERATION BY THE HOUSE OF REPRESENTATIVES.--

''(1) It is not in order for the House to consider a comprehensive budget bill until after the fifth day (excluding Saturdays, Sundays, and legal holidays) following the day on which the bill is reported to the House. Consideration of a comprehensive budget bill by the House shall be in the Committee of the Whole, and the bill shall be read for amendment title by title (or part by part within a title if it is so divided) under the five-minute rule in accordance with the applicable provisions of rule XXIII. An amendment in the nature of a substitute to the bill shall not be in order until the bill has been considered for amendment in its entirety.

''(2) After disposition of all amendments to each part or to each title where a title contains only one part (but before consideration of any amendment provided in paragraph (4)), it shall be in order to consider an amendment to such part or title, as the case may be, which shall be in order even if changing portions of the part or title which have already been changed by amendment. Recognition for such an amendment shall be determined in the same manner as recognition would be determined for a motion to recommit if such part or title were being considered for final passage in the House, and such an amendment shall not be subject to amendment.

''(3) After the disposition of the amendment provided in paragraph (2), if offered, the chair shall put, without any intervening motion or debate, the question whether the Committee of the Whole shall approve the part. If a part is disapproved, it shall be stricken from the bill, and such action by the Committee of the Whole shall be final, and shall not be subject to a vote in the House.

''(4) After disposition of all other amendments to each title and if the title (as amended) breaches the allocation for discretionary action contained in the report of the Committee on the Budget pursuant to section 302(a), then it shall be in order to consider an amendment recommended by the Committee on the Budget changing the amount of new budget authority, new entitlement authority, direct loan obligations, new primary loan guarantee commitments, revenues, or tax expenditures, whichever is appropriate, contained in the title to conform, as determined by the Committee on the Budget, to the appropriate allocation of new budget authority, new entitlement authority, new direct loan obligations, primary loan guarantee commitments, or revenues or tax expenditures (to the committee with jurisdiction over the title), contained in the report of the Committee on the Budget pursuant to section 302(a). Such an amendment shall not reduce such amounts below the level of such allocation for discretionary action. Such an amendment shall not be subject to amendment. If the chairman of the Committee on the Budget or his designee notifies the chairman of the Committee of the Whole that a meeting of the Committee on the Budget is necessary to consider such an amendment, the Committee shall rise without motion.

''(5) After all titles of the bill have been considered for amendment except the final title, such title containing the budget plan reported by the Committee on the Budget shall be considered as having been read for amendment. No amendment to such title shall be in order except an amendment recommended by the Committee on the Budget changing the figures, or other matter contained in such title to conform to the new budget authority, new entitlement authority, new credit authority, or changes in revenues or tax expenditures contained in the preceding titles of the bill as perfected, as determined by the Committee on the Budget. Such an amendment shall not be subject to amendment. If the chairman of the Committee on the Budget or his designee notifies the chairman of the Committee of the Whole that a meeting of the Committee on the Budget is necessary to consider such an amendment, the Committee shall rise without motion.

''(6) If the amendment recommended by the Committee on the Budget to the budget plan is adopted, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion. No motion to recommit shall be in order.

''(7) If the amendment recommended by the Committee on the Budget to the budget plan is rejected, it shall be in order to consider an amendment recommended by the Committee on the Budget to the bill (including the plan), which shall be in order even if changing portions of the bill already changed by amendment. Such an amendment shall not be subject to amendment. If the chairman of the Committee on the Budget or his designee notifies the chairman of the Committee of the Whole that a meeting of the Committee on the Budget is necessary to consider such an amendment, the Committee shall rise without motion.

''(8) If the amendment recommended by the Committee on the Budget to the bill pursuant to paragraph (7) above is adopted, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion. No motion to recommit shall be in order.

''(9) If the amendment provided for in paragraph (7) is rejected, the Committee shall rise without motion. When the Committee resumes consideration of the bill, further amendments (even if changing portions of the bill already changed by amendment) which are otherwise in order under the Rules of the House of Representatives shall be in order. At the conclusion of consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion. A motion to recommit shall not be in order. It shall not be in order, however, to consider the bill for final passage if new budget authority, new entitlement authority, or new credit authority provided in the bill causes the level of total new budget authority, entitlement authority, direct loan guarantees, or primary loan guarantee commitments provided for in the final title to be exceeded, or if revenues provided in the bill cause total revenues to be less than the level provided for in the final title, as determined by the Committee on the Budget.

''(d) CONSIDERATION BY THE SENATE.--

''(e) COMPLETION OF ACTION ON THE COMPREHENSIVE BUDGET BILL.--

''(1) It shall not be in order in the House of Representatives to consider a resolution providing for an adjournment period of more than three calendar days during the month of July until the House of Representatives has approved the comprehensive budget bill for the fiscal year beginning on October 1 of such year.

''(2) On or before August 15 of each year, the Senate shall approve the comprehensive budget bill for the fiscal year beginning on October 1 of such year.

''(f) INFORMATION CONTAINED IN JOINT STATEMENT.--The joint explanatory statement accompanying a conference report on a comprehensive budget bill for a fiscal year shall include--

''(1) a statement of economic assumptions on which the bill is based; and

''(2) a division, based on the total levels of new budget authority, budget outlays, entitlement authority, credit authority and revenues among major functional categories and among each committee of the House and Sentate which has jurisdiction over such authorities.

''(g) ENROLLMENT.--After final adoption of the comprehensive budget bill by both Houses, the bill shall not be enrolled until the House and Senate have, by concurrent resolution, provided for the form or forms in which it shall be enrolled.''.

TITLE II--AMENDMENTS TO TITLE IV OF THE CONGRESSIONAL BUDGET ACT OF 1974

NEW SPENDING AUTHORITY

SEC. 201. (a) Subsection (a) of section 401 of the Congressional Budget Act of 1974 is amended by inserting ''CONTROLS ON PROVISIONS OF'' before ''LEGISLATION'', by striking out ''It shall not be in order in either the House of Representatives or the Senate to consider'' and inserting in lieu thereof ''No provision of'', by inserting after the parenthetical ''shall be in order in the House of Representatives or the Senate'', by striking out ''or resolution'' and inserting in lieu thereof '', resolution, or conference report'' and by inserting ''conference report,'' after ''resolution'' the second time it appears therein.

(b) Subsection (b) of such section is amended to read as follows:

''(b) CONTROLS ON PROVISIONS OF LEGISLATION PROVIDING OTHER NEW SPENDING AUTHORITY.--No provision of any bill, resolution, conference report, or amendment which provides new spending authority as described in subsection (c)(2)(D) or (E) shall be in order in the House of Representatives or the Senate, unless that bill, resolution, conference report, or amendment also provides that such new spending authority is to be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.''

(c) Paragraph (1) of subsection (c) of such section is amended by inserting before the period at the end thereof the following:

'', except for subparagraphs (D) and (E) of paragraph (2), for which 'new spending authority' for purposes of this section means spending authority not provided by law on the effective date of those subparagraphs, including any increase in or addition to spending authority provided by law on such date''.

(d) Paragraph (2) of subsection (c) of such section is amended by striking out ''and'' at the end of subparagraph (B), by striking out the period at the end of subparagraph (C) and inserting in lieu thereof a semicolon, and by inserting after subparagraph (C) the following new subparagraphs:

''(D) to forego collection of offsetting receipts, the budget authority for which is not provided in advance by appropriation Acts to offset such foregone offsetting receipts; and

''(E) to make payments (including loans, grants, and payments from revolving funds) other than those covered by subparagraph (A), (B), (C), or (D), the budget authority for which is not provided in advance by appropriation Acts.''.

(e) Such section 401 is further amended by inserting at the end thereof the following new subsection:

''(e) ESTIMATES.--For purposes of this Act, estimates of new entitlement authority for a fiscal year shall be based on a cost estimate of changes from current law at the time of adoption of a bill, resolution, amendment, or conference report providing entitlement authority.''.

CREDIT AUTHORITY

SEC. 202. Section 402 of the Congressional Budget Act of 1974 is amended to read as follows:

''LEGISLATION PROVIDING NEW CREDIT AUTHORITY

''SEC. 402. (a) CONTROLS ON PROVISIONS OF LEGISLATION PROVIDING NEW CREDIT AUTHORITY.--No provision of any bill, resolution, amendment, or conference report which provides new credit authority described in subsection (b)(1) shall be in order in the House of Representatives or the Senate, unless that bill, resolution, conference report, or amendment also provides that such new credit authority is to be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.

''(b) DEFINITIONS.--

''(1) For purposes of this Act, the term 'new credit authority' means credit authority not provided by law on the effective date of this section, including any increase in or addition to credit authority provided by law on such date.

''(2) For purposes of this Act, the term 'credit authority' means authority to incur direct loan obligations or to incur primary loan guarantee commitments.''.

DESCRIPTION BY CONGRESSIONAL BUDGET OFFICE

SEC. 203. (a) Subsection (a) of section 403 of the Congressional Budget Act of 1974 is amended by striking out ''and'' at the end of paragraph (2), by striking out the period and inserting ''; and'' at the end of paragraph (3), and by inserting at the end thereof the following new paragraph:

''(4) a description of each method for establishing a Federal financial commitment contained in such bill or resolution.''.

(b) The second sentence of subsection (a) of such section is amended by striking out ''estimates and comparison'' and inserting in lieu thereof ''estimates, comparison, and description''.

GENERAL ACCOUNTING OFFICE STUDY

SEC. 204. Title IV of the Congressional Budget Act of

1974 is amended by inserting at the end thereof the following new sections:

''STUDY BY THE GENERAL ACCOUNTING OFFICE OF FORMS OF FEDERAL FINANCIAL COMMITMENT THAT ARE NOT REVIEWED ANNUALLY BY CONGRESS

''SEC. 405. The General Accounting Office shall study those provisions of law which provide spending authority as described by section 401(c)(2), and report to the Congress its recommendations for the appropriate form of financing for activities or programs financed by such provisions not later than eighteen months after the effective date of this section. Such report shall be revised from time to time.

''OFF-BUDGET AGENCIES, PROGRAMS AND ACTIVITIES

''SEC. 406. (a) Notwithstanding any other provision of law, budget authority, credit authority, and estimates of outlays and receipts for all activities of the Federal Financing Bank, the Rural Electrification Administration and Rural Telephone Bank, the Strategic Petroleum Reserve Account, the United States Synthetic Fuels Corporation, the United States Railway Association, the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, and the Health Insurance Trust Fund shall be included in a budget submitted pursuant to section 1105 of title 31, United States Code, and in a concurrent resolution on the budget reported pursuant to section 301 of the Congressional Budget Act of 1974 and shall be considered, for purposes of such Act, budget authority, outlays, and spending authority in accordance with definitions set forth in such Act.

''(b) All receipts and disbursements of the Federal Financing Bank with respect to any obligations which are issued, sold, or guaranteed by a Federal agency shall be treated as a means of financing such agency for purposes of section 1105 of title 31, United States Code, and for purposes of the Congressional Budget Act of 1974. Amounts of loans guaranteed by a Federal agency which are financed by the Bank shall be included as outlays of such agency.

''(c) If any committee reports any bill or resolution containing a provision or provisions having the effect of exempting any department, agency, program or activity of the United States Government from the provisions of section 1105 of title 31, United States Code, or the provisions of the Congressional Budget Act of 1974, such bill or resolution shall be referred to the Committee on Government Operations, and the Committee on Government Operations shall have the jurisdiction to report any bill or resolution referred to it under this section with an amendment or amendments, which change or strike out any such provision or provisions.

''MEMBER USER GROUP

''SEC. 407. The Speaker of the House of Representatives after consulting with the Minority Leader of such House, shall appoint a Member User Group for the purpose of reviewing budgetary scorekeeping rules and practices of the House and advising the Speaker from time to time on the effect and impact of such rules and practices.''.

TITLE III--ADDITIONAL PROVISIONS TO IMPROVE BUDGET PROCEDURES

DEFINITIONS

SEC. 301. (a) Paragraph (2) of section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended by inserting before the comma the following: ''or to make offsetting collections (or to affect their usage)''.

(b) Section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended by inserting at the end thereof the following:

''(6) The term 'allocation for discretionary action' means an amount for control of congressional action to increase or decrease levels under current law of budget authority (excluding such authority to cover spending authority as described by section 401(c)(2)(C)), direct loan obligations or primary loan guarantee commitments, spending authority as described by section 401(c)(2)(C), revenues, and tax expenditures.

''(7) The term 'entitlement authority' means spending authority described by section 401(c)(2)(C).''.

CONGRESSIONAL BUDGET OFFICE

SEC. 302. (a) Paragraph (2) of section 201(a) of the Congressional Budget Act of 1974 is amended by striking o ''Committees on the Budget'' and inserting in lieu thereof ''committees''.

(b) Paragraph (1) of section 202(f) of the Congressional Budget Act of 1974 is amended by striking out ''April 1'' and inserting in lieu thereof ''February 15''.

(c) Subsection (f) of section 202 of the Congressional Budget Act of 1974 is amended by inserting at the end thereof the following new paragraphs:

''(3) On or before the first Monday after January 3 of each year, the Director shall submit to the Congress a report listing (A) all programs and activities funded during the fiscal year ending September 30 of that calendar year for which authorizations for appropriations have not been enacted for that fiscal year, and (B) all programs and activities for which authorizations for appropriations have been enacted for the fiscal year ending September 30 of that calendar year, but for which no authorizations for appropriations have been enacted for the fiscal year beginning October 1 of that calendar year.

''(4) Baseline projections prepared pursuant to this subsection of permanent authority, including but not limited to revenues, tax expenditures, entitlements (including appropriated entitlements), other mandatory spending, and credit authority shall assume that current laws continue unchanged, except for the extension of temporary provisions for which continuation is routine. Baseline projections of discretionary appropriations shall assume a continuation of current year funding with an adjustment for inflation.''.

(d) Section 202 of the Congressional Budget Act of 1974 is amended by inserting at the end thereof the following new subsections:

''(h) STUDIES.--The Director shall conduct continuing studies to enhance comparisons of budget outlays, credit authority, and tax expenditures.

''(i) TAX EXPENDITURES INVENTORY.--On or before February 15 of each year, the Director shall submit to the Congress an inventory of all provisions of law providing tax expenditures and such inventory shall be regarded for purposes of this Act as tax expenditures.''.

CURRENT SERVICES BUDGET

SEC. 303. The first sentence of section 605(a) of the Congressional Budget Act of 1974 is amended by striking out ''On or before November 10 of each year (beginning with 1975)'' and inserting in lieu thereof the following: ''On or before the first Monday after January 3 of each year (beginning with 1985)''.

STUDY OF OFF-BUDGET AGENCIES

SEC. 304. Section 606 of the Congressional Budget Act of 1974 is repealed.

JURISDICTION OF COMMITTEE ON GOVERNMENT OPERATIONS

SEC 305. Clause 1(j) of Rule X of the Rules of the House of Representatives is amended by inserting after item (5) the following new item:

''(6) Budgetary treatment of agencies or programs referred to the committee pursuant to section 406 of the Congressional Budget Act of 1974.''.

CONTINUING STUDY OF CONGRESSIONAL BUDGET PROCESS

SEC. 306. Clause 3 of Rule X of the Rules of the House of Representatives is amended by inserting at the end thereof the following:

''(i) The Committee on Rules shall have the function of reviewing and studying, on a continuing basis, the congressional budget process, and the committee shall, from time to time, report its findings and recommendations to the House.''.

EARLY ELECTION OF COMMITTEES OF THE HOUSE

SEC. 307. Clause 6(a)(1) of Rule X of the Rules of the House of Representatives is amended by striking out ''at'' and by inserting in lieu thereof ''within the seventh calendar day beginning after''.

RESCISSIONS AND TRANSFERS IN APPROPRIATION BILLS

SEC. 308. (a) Clause 2(b) of Rule XXI of the Rules of the House of Representatives is amended by inserting before the period at the end thereof the following: '', and except rescissions of appropriations contained in appropriation Acts.''

(b) Clause 6 of Rule XXI of the Rules of the House of Representatives is amended by inserting before the period at the end thereof the following: '', and shall not apply to transfers of unexpended balances within the department or agency for which they were originally appropriated, reported by the Committee on Appropriations.''

LIMITATIONS ON USE OF SUSPENSIONS IN THE HOUSE

SEC. 309. Rule XXVII of the Rules of the House of Representatives is amended by inserting at the end thereof the following new clause:

''5. (a) It shall not be in order to consider under suspension any bill or resolution (or an amendment thereto) which--

''(1) provides new budget authority (as defined in section 3(2) of the Congressional Budget and Impoundment Control Act of 1974);

''(2) provides new credit authority described in section 402(b)(1) of such Act;

''(3) provides new spending authority described in section 401(c)(2)(C) of such Act; or

''(4) increases or decreases revenues or tax expenditures;

in an amount which is in excess of $10,000,000. For purposes of this clause, the levels of new budget authority, new credit authority, new spending authority, revenues, and tax expenditures shall be determined on the basis of estimates made by the Committee on the Budget.

''(b) It shall not be in order to consider under suspension any bill or resolution (or an amendment thereto) which provides new spending authority as described in section 401(c)(2)(A), (B), (D), or (E) of such Act.''.

TITLE IV--AMENDMENTS TO SUBTITLE II OF TITLE 31, UNITED STATES CODE

SUBMISSION OF PRESIDENT'S BUDGET

SEC. 401. (a) The first sentence of section 1105(a) of title 31, United States Code, is amended by striking out ''During the first 15 days of each regular session of Congress'' and inserting in lieu thereof the following: ''On or before the first Monday after January 3 of each year''.

(b) Subsection (a) of such section is amended by inserting after the second sentence thereof the following new sentence: ''Not later than two weeks after submission of the budget, the President shall submit to Congress back-up materials with respect to the budget including but not limited to the text of legislation necessary to implement budget proposals affecting revenues and spending authority as described in section 401(c)(2)(C) of the Congressional Budget Act of 1974 and justifications including detailed explanations of budget requests.''.

SUPPLEMENTAL BUDGET ESTIMATES AND CHANGES

SEC. 402. The first sentence of section 1106(b) of title 31, United States Code, is amended by striking out ''April 11 and''.

CURRENT SERVICES BUDGET

SEC. 403. The first sentence of section 1109(a) of title 31, United States Code, is amended by striking out ''Before November 11 of each year'' and inserting in lieu thereof the following: ''On or before the first Monday after January 3 of each year''.

TITLE V--TECHNICAL AND CONFORMING AMENDMENTS

TABLE OF CONTENTS

SEC. 501. The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 with respect to title III is amended to read as follows:

''TITLE III--CONGRESSIONAL BUDGET PROCESS

''Sec. 300. Timetable.
''Sec. 301. Annual budget plan.

''Sec. 302. Committee allocations.
''Sec. 303. Appropriation, entitlement, credit, and revenue measures must be considered pursuant to section 304 or 309.
''Sec. 304. Revisions of comprehensive budget bill.
''Sec. 305. Committee action on appropriation, entitlement, credit, and revenue bills.
''Sec. 306. Requirement to report legislation.
''Sec. 307. Reports, summaries, and projections of congressional budget actions.
''Sec. 308. Reconciliation.
''Sec. 309. Completion of action on the comprehensive budget bill.''.

ADDITIONAL TECHNICAL AND CONFORMING AMENDMENTS

SEC. 502. (a) The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by--

(1) striking out the item relating to section 402 and inserting in lieu thereof the following new item:

''Sec. 402. Legislation providing new credit authority.'';

(2) inserting after the item relating to section 404 the following new items:

''Sec. 405. Study by the General Accounting Office of forms of Federal financial commitment that are not reviewed annually by Congress.
''Sec. 406. Off-budget agencies, programs, and activities.
''Sec. 407. Member user group.''; and

(3) striking out the item relating to section 606.

(b) Paragraph (4) of section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended to read as follows:

''(4) The term 'budget plan' means that portion of a bill which sets forth the congressional budget for the United States Government for a fiscal year as described in section 309 or which revises the congressional budget for the United States Government for a fiscal year as described in section 304.''.

(c) Clause 1(e)(2) of rule X of the Rules of the House of Representatives is amended to read as follows:

''(2) All budget plans (as defined in section 3(4) of the Congressional Budget and Impoundment Control Act of 1974.''.

(d) Clause 4(b) of rule X of the Rules of the House of Representatives is amended--

(1) in paragraph (2) by striking out ''first concurrent resolution on the budget'' and inserting in lieu thereof ''budget plan''; and

(2) in paragraph (3) by striking out '', including the reporting of reconciliation bills and resolutions when so required''.

(e) Clause 4(g) of rule X of the Rules of the House of Representatives is amended by striking out ''March 15'' and inserting in lieu thereof ''February 25'' and by striking out ''concurrent resolution on the budget'' each time it appears therein and inserting in lieu thereof ''budget plan''.

(f) Clause 4(h) of rule X of the Rules of the House of Representatives is repealed.

(g) Section 4(i) of rule X of the Rules of the House of Representatives is amended by striking out ''concurrent resolution on the budget'' and by inserting in lieu thereof ''report accompanying a budget plan''.

(h) Clause 2(l)(1) of rule XI of the Rules of the House of Representatives is amended--

(1) by striking out ''(except as provided in subdivision (C))'' in subparagraph (A) thereof; and

(2) by repealing subparagraph (C) thereof.

(i) Rule XXIII of the Rules of the House of Representatives is amended by repealing clause 8 and by redesignating clause 9 as clause 8.

(j) Rule XLIX of the Rules of the House of Representatives is amended--

(1) by striking out clause 1 and inserting in lieu thereof the following:

''1. Any provision of law providing for a termporary increase or decrease in the statutory limit on the public debt shall be contained in the comprehensive budget bill provided for under section 304 or 309 of the Congressional Budget Act of 1974.''; and

(2) by repealing clauses 2 and 3 and by redesignating clauses 4 and 5 as clauses 2 and 3, respectively.

TITLE VI--EFFECTIVE DATE

EFFECTIVE DATE

SEC. 601. This Act and the amendments made by it shall take effect at noon January 3, 1985, and shall become effective for fiscal year 1986 and shall be fully reflected in the fiscal year 1986 budget submitted by the President in January 1985 as required by section 1105(a) of title 31,

United States Code.

E. BACKGROUND ON SELECTED ISSUES ADDRESSED BY THE TASK FORCE ON THE BUDGET PROCESS

This appendix contains four background papers on selected issues addressed by the task force. These papers are intended to provide further information on the task force's position on each of these issues. They were prepared as companion pieces to the "Explanation of Recommendations" (Section III of this report).

Background papers on the following issues are contained in this appendix in the following order:

1. Timetable (Authorizations, Appropriations, and Budget Resolutions)
2. Credit
3. Tax Expenditures
4. Off-budget Federal Entities

Timetable

(Authorizations, appropriations and budget resolutions)

Prior to the enactment of the Congressional Budget Act of 1974, Congress was faced with a severe timetable difficulty—An increasing inability to get appropriations bills passed prior to the beginning of the fiscal year which, at that time, began July 1. Between 1960 and 1970, only 17 out of 127 general appropriations measures were enacted by the beginning of the relevant fiscal year. One of the major contributing reasons for this delay was a trend toward annual authorization of programs.

In Congress' division of labor, the legislative committees report bills authorizing the existence of particular programs and activities. These bills set federal policy goals regarding the program and prescribe the means by which these goals are to be achieved. Until relatively recently, most programs, once established, continued in existence under a permanent indefinite authorization allowing appropriations of "such sums as may be necessary" for the activity. Thereafter the legislative committee monitored the development of the program and recommended any necessary modifications. Actual funding was provided separately through annual appropriations acts.

During the 1960's, the legislative committees repealed permanent indefinite authorizations for many programs under their jurisdiction and substituted bills that covered only one or a few years. Clause 2 of Rule XXI of the Rules of the House (and a corresponding rule of the Senate) prohibits consideration of appropriations for which the pertinent authorization has not already been enacted. Since a substantial number of programs are now authorized for one or a few years after which their authorizations expire, Congress, in order to provide budget authority for these programs, must often act twice in the same year. First, Congress acts on an authorization bill which sets ceilings on appropriations. Later, Congress considers an appropriations bill which provides the actual level of budget authority for the program.

Observers have noted that the proliferation of annual or frequent authorization had contributed significantly to slowed action on appropriations measures by the early 1970's. The Report of the Joint Study Committee on Budget Control found that "an important cause of delay in appropriations bills has been the awaiting of action on authorizations". The Joint Committee also discovered that the years before 1973 had witnessed an increase in the number of annual authorizations and attributed some of the delay in the consideration of appropriations to this phenomenon. That panel recommended enacting authorizations a year ahead of consideration of the corresponding appropriation in order to avoid delay in appropriations.

The Congressional Budget Act timetable

The Congressional Budget Act of 1974 established a comprehensive timetable for all budget-related activities in the House of Representatives and the Senate. The Act contained several provisions designed to deal with the enactment of appropriations after the beginning of the fiscal year.

First, an attempt was made to speed enactment of authorizations. Although the Joint Study Committee proposal for year-ahead authorizations was not adopted, the Act required that authorizations be reported by May 15 preceding the fiscal year for which they are effective. However, this particular deadline was doomed from the outset to conflict with the House Rule XXI requirement that authorizations be enacted prior to consideration of the related appropriation because, if committees waited to report until May 15, it would leave insufficient time for the House and Senate to complete all action on a multitude of authorizations before June, when the House needs to start on appropriations in order for those bills to work their way through the legislative process prior to the start of the fiscal year. During consideration of the conference report on the Congressional Budget Act on the floor of the House, Representative Richard Bolling aknowledged this inconsistency, saying that in the long run, year ahead consideration of authorizations would be necessary to achieve timely consideration of appropriations and end Congressional reliance on continuing resolutions. To facilitate year-ahead authorizations, the Act requires the Executive to submit authorization requests to Congress by May 15 before the year in which the related appropriation is to be considered. Unfortunately, this requirement has not been observed.

Another provision of the Act delayed the beginning of the fiscal year from July 1 to October 1, giving Congress an extra three months to enact appropriations and other budgetary legislation. The Act also set a deadline of seven days after Labor Day for final action on appropriations and entitlement measures. However, in recognition of the problem of delayed authorizations, the Act provided that this deadline would only not apply if the relevant authorizations had "not been timely enacted" (Section 309).

Apart from these provisions dealing specifically with authorization and appropriations legislation, the Act set out a comprehensive scheme for the consideration of budget resolutions, appropriations, revenue bills and other legislation implementing budget resolution priorities. This budget process timetable, as set out in Section 300 of the Act, is as follows:

On or before:	Action to be completed:
November 10	President submits current services budget.
15th day after Congress meets	President submits his budget.
March 15	Committees and joint committees submit report to Budget Committees.
April 1	Congressional Budget Office submits report to Budget Committees.
April 15	Budget Committees report first concurrent resolution on the budget to their Houses.
May 15	Committees report bills and resolutions authorizing new budget authority.
May 15	Congress completes action on first concurrent resolution on the budget.
7th day after Labor Day	Congress action on bills and resolutions providing new budget authority and new spending authority.
September 15	Congress completes action on second required concurrent resolution on the budget.
September 25	Congress completes action on reconciliation bill or resolution, or both, implementing second required concurrent resolution.
October 1	Fiscal year begins.

This timetable retains the time specified in the Budget and Accounting Act of 1921 for submission of the President's budget fifteen days after Congress convenes. It also provides for submission, by March 15, of "views and estimates" by standing committees of the House and Senate to their Budget Committees regarding budgetary matters which relate to functions of such standing committees. This provision allows input by the revenue, legislative and appropriations committee to budget plan deliberations and serves to notify the budget committees of the intentions of the standing committees regarding spending and revenue decisions within their jurisdiction.

Under the Act, the budget committees of each house are required to report the first concurrent resolution on the budget to their respective chambers by April 15, giving Congress one month to approve a resolution in each House, work out differences in conference, and adopt a conference report on the resolution by the statutory deadline of May 15.

Timely adoption of the resolution is necessary for timely completion of the remainder of the annual budget process. Section 303(a) of the Act prohibits consideration of spending, revenue or debt limit bills until the resolution, embodying Congress' fiscal plan, is adopted.

Under this schedule, during the summer months, Congress considers spending, revenue and other budgetary legislation completing all action on such matters by the seventh day after Labor Day, in September. The schedule provides that the budget committees take a second look at the fiscal and economic priorities at that time and report a second budget resolution containing "binding" levels for spending and revenue. The resolution can affirm the targets contained in the Spring resolution, or modify them. If the recommended levels are inconsistent with the action taken by Congress on budget bills during the preceding months, the Budget Committee may report a reconciliation bill or resolution changing laws or pending bills, whichever the case may be, to conform with the fiscal priorities contained in the second resolution. This second resolution is required to be adopted by Congress by September 15, and any reconciliation to be completed by September 25, shortly before the new fiscal year begins on October 1.

Current practice

In recent years, Congress has modified the process in that some of the statutory timetable requirements are no longer meaningful. This is particularly true with respect to a second budget resolution (which Congress has not adopted in recent years) and reconciliation (which is now used in conjunction with the first resolution, not the second as provided by the Act).

With respect to the statutory deadlines that Congress tries to adhere to, Congress has been less than successful. For instance, on May 15, two critical deadlines occur: one for reporting of authorizations and one for adoption of the first budget resolution. During most of the last few years, however, both of these phases of budget activity have spilled over into later weeks and months. Delayed enactment of authorizations and late adoption of the budget resolutions have been at least partially responsible for substantial delay in appropriations and a return to the reliance on continuing resolutions, the chief timetable concern during the years immediately prior to passage of the Budget Act.

These are not the only reasons, however, why enactment of so many appropriations bills have been delayed beyond the start of the fiscal year. The entire budget process has been acutely politicized in recent years. And that politicization has contributed to delay at each step in the legislative process that appropriations bills go through. In addition, both Houses normally recess for at least four or five weeks each summer, reducing the time available for action on appropriations bills.

The authorization/appropriation timing conflict

Delay in consideration of authorizations is not necessarily the fault of the various chairmen or members of legislative committees. The problem is not that legislative committees are not complying with the Act—for the most part, they are. The problem is that the May 15 statutory date itself is inappropriate. Clause 2 of Rule XXI prohibits reporting of any general appropriations bill for any expenditure not previously authorized in law. The rule thus requires enactment of authorizations prior to consideration of the related appropriations, which need to be reported in the House in June in order to be enacted by the start of the fiscal year. Section 402(a) of the Congressional Budget Act requires only that authorizations be reported by May 15, leaving, in effect, very little time for the

House and Senate to pass their respective versions of an authorizaton, work out their differences in conference and have each house adopt conference reports prior to consideration of appropriations. The problem is exacerbated because of one, the volume of bills to consider in any given year and, two, the fact that the bulk of authorizations are reported either near or after the deadline.

The annual volume of authorizing legislation appears to result from two practices of authorizing committees: changing permanent to periodic authorizations and establishing new programs on a periodic reauthorization basis. The trend from permanent indefinite to periodic authorizations, which began in the 1950's and accelerated during the 1960's, appears to have continued during the years after enactment of the Act.

As an indication, a 1979 report by the staff of the Congressional Budget Office computed the number of authorizations reported in the House during the 94th and 95th Congresses. The report shows that during the two sessions of the 95th Congress, about 367 authorization bills were reported by House committees.

Perhaps because of the sheer volume of authorizations that must be considered by House committees, there is a substantial "bunching" of reports around the May 15 deadline. If the House schedules appropriations in early June, the large number of authorizations reported close to or after the May 15 deadline virtually ensures that Congress will be unable to enact the measures prior to consideration of relevant appropriations.

The CBO report estimates that during the 95th Congress about one third of the authorizations reported in a given year are reported within 5 days of the statutory deadline. This bunching of reports has accelerated from the early years of the process. During 1976, the first year of the process, only 18 authorizations were reported within 5 days of the deadline.

A review of the Congressional Record for the five legislative days ending on May 15, 1983 reveals that at least 70 bills authorizing budget authority were reported by House committees during this period. Thus, the "term-paper mentality", as reporting at the deadline has been called, appears to have become a fixture in the House.

Although many bills are reported at or shortly before the May 15 deadline, it should be kept in mind that these are in compliance with the Act. In addition, a smaller number are reported after May 15 each year.

It should be noted that it is common practice to work around House rules to try to alleviate the authorization/appropriation conflict. There are frequent waivers of points of order against the appropriations bill under Clause 2 of Rule XXI, to allow consideration of the appropriations measures for which any of the relevant authorizations have not been enacted. Waivers of section 402(a) of the Act, which establishes the authorization deadline, number between 20 and 30 per session.

Late enactment of first budget resolutions

The second major event scheduled to occur on May 15 is adoption of the Budget resolution. Timely adoption of the resolution is related to timely consideration of appropriations in two ways: First, Section 303(a) of the Act provides that spending bills cannot be considered until the first resolution is in place. Second, the budget resolution conference report provides committee allocations of discretionary spending authority for each panel with spending jurisdiction (the Section 302(a) allocation). The allocations are then to be subdivided further and reported back to the budget committees, which uses them to "scorekeep," or keep track of spending legislation.

The function of Section 302(a) committee allocation of discretionary spending authority is to translate the amounts in budget resolutions into amounts that correspond to committee jurisdictions. The Appropriations Committee receives the largest allocation of discretionary spending and must divide it up among its 13 subcommittees. The subcommittee totals serve as a guideline within which each subcommittee must fit all of its spending decisions regarding particular programs. Past experience suggests that this subdivision process within the House Appropriations Committee usually takes about two weeks.

The actual experience of Congress supports the view that timely adoption of budget resolutions is necessary to enable Congress to complete action on appropriations measures by the start of the fiscal year. For the first three years of the budget process, 1976–79, first budget resolutions were adopted very close to the statutory deadline. The appropriations bills were then timely considered: of the 39 general appropriations measures considered during those years, 34 were passed by the House before the end of June, and all were enacted prior to the October 1 beginning of the new fiscal year.

Beginning with consideration of the budget resolution and appropriations bills in 1979 (for fiscal year 1980), the adherence to budget timetables began to decline. During 1979, the first budget resolution for fiscal year 1980 was adopted on May 24, and only 5 of the general appropriations measures for 1980 were considered by the House during June of 1979. In 1980, a presidential election year, the first budget resolution for FY 1981 was not adopted by the House and Senate until June 12. Only 2 of the 13 appropriations bills for fiscal year 1981 were passed in the House during June.

In 1981, the House engaged in a protracted debate over budget priorities and a first budget resolution embodying many of the Reagan budget priorities was adopted in the House and Senate on May 21, 1981. Despite this date being close to the statutory deadline, none of the thirteen appropriations bills for fiscal year 1982 were passed in the House during June. Three bills were not passed in the House until after the beginning of the fiscal year.

In the course of the budget cycle for fiscal year 1983, the budget resolution was significantly delayed. The House and Senate failed to adopt a resolution until June 23, 1982. Report of the Appropriations Committee's Section 302(b) subdivision took 29 days (which included a recess), also substantially longer than had previously been the usual two-week interval. Only one appropriations bill passed the House by September 1st. And, for the first time since enactment of the Act, not one appropriations bill was enacted by the beginning of the new fiscal year. The conclusion derived from the experience of the House with respect to the relationship between consideration of budget resolutions and appropriations is that while appropriations sometimes have been tardy in years when the relevant first budget resolution was timely adopted, during years when the resolution is late, appropriations never are enacted on time.

With the increasing delay in enactment of appropriations by October 1, Congress has returned full circle to the central timetable problem of the years preceding passage of the Act: reliance on continuing resolutions to fund major portions of the federal government. For every year since 1980, continuing resolutions have funded most government activity dependent on appropriations during at least the first quarter of the fiscal year. In addition, during fiscal years 1980–82, between three and five appropriation bills annually were never enacted at all and the major areas for which they provided funding were dealt with solely through continuing resolutions.

Because of the speed with which they must be enacted to prevent government agencies from shutting down, continuing resolutions are typically considered in the House under a restrictive rule allowing few, if any, amendments. If they had been separately considered, each general appropriations measure for which "temporary" funding was provided by continuing resolution would be debated for days and be the subject of numerous amendments. In contrast, when the House is forced to use the continuing resolution procedure, the equivalent of several major bills is passed with virtually no deliberation or amendments.

The use of continuing resolutions seriously hampers planning by government agencies that cannot learn what their annual budget will be until after the fiscal year has already begun. Also, the procedure is antithetical to proper Congressional deliberation over the vast array of annual federal funding decisions. For these reasons, reliance on continuing resolutions is essentially an abdication of Congress' responsibilities under Article I of the Constitution to exercise proper judgment in managing the power of the federal purse.

CREDIT

The purposes and growth of federal credit activity

The federal government provides credit assistance in order to promote many different public policy objectives, from supporting crop prices to helping finance home mortgages, small businesses, and foreign military sales.

Federal credit activity has grown very rapidly in the last ten years. Annual credit activity (new direct loan obligations and new primary loan guarantee commitments made each year) grew 277%, from $36.8 billion in fiscal year 1974 to $138.6 billion in fiscal year 1983. Direct loans outstanding (not including credit provided through privately owned, government-sponsored enterprises) increased 239%, from $14.4 billion to $49.4 billion; the federal participation rate (the ratio of federal net lending to total funds advanced in U.S. credit markets) increased from 1974 to 1981, from 8% to 13%.

Types of federal credit

Federal credit programs make capital available to private and non-federal public borrowers. There are two types of federal credit assistance: direct loans and loan guarantees. Federal assisted credit provided through government sponsored enterprises is not included in the credit budget.

Direct loans.—Federal direct loans are cash payments secured by a borrower's promise to repay the U.S. government. The loans are made available to individuals, to businesses, and to local, state, and foreign governments. Both on-budget and off-budget federal agencies make direct loans.

Because of its standing in credit markets, the federal government can borrow at a risk-free rate. The government than lends to borrowers who, on their own, could not obtain the funds except at higher market rates, or could not obtain funds at all. In other words, direct loan programs provide credit to preferred borrowers on more favorable terms than would otherwise be available. In many cases, borrowers receive interest rates below the cost to the Treasury. The difference is eventually covered by appropriations. Even if the direct loan is provided at an interest rate equal to or greater than the government's cost of funds, the borrower ususally pays below private market rates.

Loan Guarantees.—A loan gurantee is a commitment by the federal government to pay a lender all or part of the principal and interest in the event of a default. The federal government makes no payments until a borrower defaults.

Guarantees are made available to individuals, to businesses and to local, state and foreign governments. Guaranteed loans are backed by the full faith and credit of the United States. The government's obligation is unrestricted except for fraud or misrepresentation. In some cases, the guarantee limits the liability of the federal government to a portion of the loan, to the amount of reserves available for repayment, or to some other partial obligation. Loan insurance is another form of loan guarantee. The federal government pools its risks and pledges the use of accumulated insurance premiums to secure the lender against default. Insured loans are similar to guaranteed loans except that insured loans are more likely to be self-supporting by means of premiums or other charges. Some guarantee programs do charge a fee to the lender or to the borrower, but not all of the fees cover administrative costs and default losses.

Through guarantee programs, the federal government also influences the flow of credit. To the borrower, a guarantee is almost the same as a direct loan. With a guarantee, the borrower can obtain credit that he otherwise could not get from private lenders (or credit on better rates than he otherwise could get) because the federal government reduces or eliminates the risk of default to the original lender. The major difference is that interest tends to be higher with a guarantee.

Loan guarantees are made for many different purposes including assisting agriculture, promoting the purchase of U.S. exports, supporting synthetic fuel production and helping to finance college educations. Housing programs (e.g., FHA insured loans and VA guarantees) have consistently accounted for from 70% to 80% of the guarantee commitments. In 1983, housing programs constituted 76% of the total of loan guarantee commitments.

Loan guarantee commitments may be either primary or secondary. Secondary guarantees are a guarantee of loan instruments which are already backed by a government guarantee in some other form. Currently, there is only one secondary guarantee program; the Government National Mortgage Association (GNMA) guarantees the prompt repayment of securities backed by FHA and VA guaranteed loans. Secondary guarantees do not lead to new direct loans nor do they increase the contingent liability of the federal government. A limit on primary guarantees would effectively limit the loan instruments available for secondary guarantees and thus adequately control secondary guarantees.

Federally assisted credit.—Federally assisted credit consists of loans made by Government-sponsored enterprises. Currently, there are five Government-sponsored enterprises, all established and chartered by the federal government to perform special credit functions. They are financial intermediaries or secondary markets able to indirectly stimulate lending in certain economic sectors. The five are: the Student Loan Marketing Association, the Federal National Mortgage Association, the Farm Credit System (including Banks for cooperatives, Federal intermediate credit banks, and Federal land banks), the Federal Home Loan Banks and the Federal Home Loan Mortgage Corporation.

These enterprises are privately owned and managed, although they are subject to some federal supervision. Their securities are not guaranteed by the federal government. For those reasons, the Office of Management and Budget, the House and Senate Budget Committees and the Congressional Budget Office do not include their loans in the totals of federal credit activity. However, Government-sponsored enterprises were established by the federal government and still receive some special privileges. For example, they are all exempt from S.E.C. registration requirements and the Federal National Mortgage Association has a line of credit with the U.S. Treasury.

Current budget treatment of credit activities

In the unified budget.—The Congressional Budget Act of 1974 excludes guaranteed loans from the definitions of budget authority and spending authority but makes no other provision for the budgetary treatment of credit authority.

A direct loan gives rise to a cash payment. When a federal agency makes a direct loan, money flows from Treasury funds. Therefore direct loans, like any other cash payments, are treated as outlays. Net outlays, however, are the appropriate measure in a cash flow budget which the federal budget is intended to be. Net direct loan outlays equal new loan disbursements less repayments and other financial transactions (e.g., liquidation of collateral, loan write-offs and sales of loan assets). Appropriations for loan programs in which borrowers pay interest rates lower than the cost of funds to the Treasury are also recorded. For a few loan programs, (e.g., P.L. 480, Food for Peace), loan levels are determined directly by appropriations of budget authority. However, most loan programs do not need new budget authority to continue making direct loans. In fiscal year 1983 about 90% of direct loan obligations were financed by revolving funds.

The cash-basis method of accounting in the unified budget has drawbacks. It can significantly understate the magnitude of direct loan activity, for two reasons. First, all outlays from off-budget agencies are excluded. The loan activity of the Federal Financing Bank and of other off-budget federal agencies is excluded from the budget. For fiscal year 1983, the total (on- and off-budget) net outlays from direct loans amounted to $15.3 billion; the off-budget Federal Financing Bank alone accounted for $10.4 billion of that $15.3 billion. Second, even if off-budget net outlays were included, the approach would not accurately reflect the amount of new credit activity. If repayments from past loans match new loan disbursements then, no matter how many direct loans are made, the program will appear negligible. Current outlays of large direct loan programs can even be negative. Plainly, net outlays bear little relation to the volume of new loan activity.

There is another drawback to the cash-basis approach, that is, budget authority and net outlays are not appropriate points of control over new loan activity. As noted above, 90% of direct loan obligations are financed through revolving funds and often require no new budget authority to maintain new loan activity. The level of new activity is not under regular congressional control. Moreover, the tools available to Congress to control spending (e.g., deferred enrollment, points of order, reconciliation) are tied to levels of budget authority and net outlays. These controls are not tied to the volume of new direct loan activity. Repayments are not controllable. But net outlays (and the associated budget authority) depend as much on the level of repayments as on loan disbursements. Clearly, these are inadequate tools for congressional control of direct loan activity.

Loan guarantee activity is also understated and poorly controlled by this approach. Loan guarantees are contingent liabilities. A contingent liability is undertaken when the federal government obligates itself to protect the financial interests of another party but only in the event that certain adversities occur. Insurance of bank deposits and various price supports are other examples of contingent liabilities. In the case of loan guarantees, the federal government makes no cash payments provided the borrower repays the guaranteed loan.

Counting all government contingent liabilities as budget authority would significantly distort the picture of government spending. For those reasons, loan guarantees are excluded from the difinitions of budget authority and spending authority.

As a result, loan guarantees appear in the budget only when and if borrowers default on debts guaranteed by an on-budget agency. The necessary outlays are then included. It is too late for congressional control at the time; however, when the guarantee is made, this approach assumes no cost. Again, this is the appropriate treatment for contingent liabilities is a cash flow budget. But it is inadequate for congressional control of loan guarantee activity.

A separate credit budget.—In January 1980, for the first time, the President's budget included a separate credit budget based on gross levels of direct loan and loan guarantee activity not on net cash payments flowing from that activity. The credit budget was developed by OMB in consultation with CBO and the House and Sentate Budget Committees. The first concurrent resoultion on the budget for fiscal year 1981 (H. Con. Res. 307) also included a separate credit budget setting forth appropriate gross levels of direct loan obligations and loan guarante commitments. Credit budgets have been included in all subsequent Administration budgets and congressional budget resolutions. (Further discussion of the evolution of the credit budget in congressional budget resolutions is included below.) There is no requirement, however, that the credit budget be a part of the President's budget documents or congressional budget resolutions.

Three points should be made about how credit activity is scored in the President's and Congress's credit budgets. First, the credit budget includes all on- and or-budget federal loan programs. Federally assisted credit (i.e., loans from Government-sponsored enterprises) is not included. Second, the credit budget measures loan activity at the point at which the federal government becomes legally bound. Direct loans are scored when the loans are obligated and loan guarantees are scored when the government is committed to guarantee the loan. Those are the points best suited for control. In some programs there are long delays between the time the direct loan is obligated and the time the loan is actually disbursed. For example, on average, loans to rural electric cooperatives are fully disbursed seven years after they are obligated. Third, the amount scored for loan guarantee commitments is equal to the full value of the loan even if the contingent liability of the federal government is for less than the full value of the loan. There are a few programs where less than the full principal is guaranteed. For fiscal year 1983, the government's contingent liability based on all outstanding loan guarantee commitments was 89% of the full value of all outstanding loan guarantee commitments. The rationale for scoring the full value of the loan is that the entire loan is benefitted by the diminished risk from the partial guarantee. Again, the credit budget is not a cash flow budget; instead, it indicates the volume of new federal credit activity.

The credit budget has not been accompained by adoption of enforcement procedures similiar to those used to control direct spending. To enforce the levels in the credit budget, Presidents often propose annual limitations in appropriations bills. Less than two-thirds of the credit budget total is subject to appropriation limits and there is presently no requirement that new credit programs be effective only to the extent provided in annual appropriation acts.

The evolution of the congressional credit budget may be instructive:

The first and second budget resolutions for fiscal year 1981 (H. Con. Res. 307 and H. Con. Res. 448) included non-binding total levels of direct loan obligations, primary loan guarantee commitments, and secondary loan guarantee commitments for fiscal year 1981.

The first budget resolution for fiscal year 1982 (H. Con. Res. 15) included non-binding totals for fiscal year 1982 and revised those for fiscal year 1981. It also allocated credit authority by function. The second resolution for fiscal year 1982 (S. Con. Res. 50) reaffirmed the first.

The first budget resolution for fiscal year 1983 (S. Con. Res. 92) included total levels and functional allocations for fiscal year 1983 and revised the total levels and allocations for fiscal year 1982. The fiscal year 1983 resolution also included two new points of order. These were enforcement procedures intended to protect the aggregate levels in the resolution. The first point of order was to be effective after adoption of the second resolution FY 1983. It was intended to lie against any measure that, in combination with previously enacted legislation, would provide credit authority exceeding the total levels in the resolution. However, a different provision of the budget resolution allowed the first budget resolution to serve as the second resolution for certain purposes. The credit enforcement point of order was not listed among those purposes. In fact, no second resolution was adopted. The first budget resolution did serve as the second and the credit enforcement point of order was, therefore, never in effect. Another point of order was made to lie against any measure providing credit authority effective in fiscal year 1983 if such credit authority was not subject to limitation in appropriation acts. Administration loan programs were explicitly exempted from this point of order. Other provisions called for credit authority to be allocated among the committees and for committees to report their subdivisions.

The fiscal year 1984 budget resolution revised the non-binding aggregate and functional levels of credit authority for fiscal year 1983 and also included advisory aggregate and functional levels for fiscal years 1984, 1985 and 1986 (first including, then excluding the levels set aside in the reserve fund). No enforcement procedures were included but the credit budget did, for the first time, include outyear planning numbers. The resolution also included a provison expressing the sense of Congress that Federal Financing Bank and other off-budget credit activity should be limited to specified amounts and subject to such limitations in the relevant apporpriations bills. Similar language had appeared in fiscal year 1981 and 1982 budget resolutions.

Federal Financing Bank

The distinction between direct loans and loan guarantees is blurred by the operations of the off-budget Federal Financing Bank. The FFB disburses loans directly to borrowers when it lends to those possessing guarantees of another federal agency. The federal agency maintains responsibility for servicing the loans and operating the programs. In effect, the agency's guarantee program becomes a federal direct loan program. Major programs that use the FFB in this way include the Foreign Military Sales Credit program, the Rural Electrification Administration, and the Tennessee Valley Authority's Seven States Energy Corporation. Some agencies have limitation s on the levels of their direct loan and guarantee activity stated in their authorizing statute or in annual appropriation bills; in effect, a limitation on loan guarantee activity controls an agency's ability to convert loan guarantees into off-budget direct loans through the FFB.

As noted earlier, the unified budget approach to credit activity is inadequate, in part, because the credit activity of off-budget entities is excluded. When the FFB purchases loan assets (such as certificates of beneficial ownership, or CBO's) from (on- or off-budget) federal agencies, the agencies are provided with loanable capital. Though recorded as an asset "sale", it is nonetheless agency borrowing. Again, the originating agency maintains responsibility for servicing the loans and operating the programs. Loan assets are direct loans on which repayments are still owed. Originally, a loan asset sale was a sale to the public of title to a loan. Now, agencies sell different types of certificates (mainly, CBO's) rather than titles to loans. The certificates are backed by pools of direct loans. Since the FFB began operations in 1974, most loan asset sales have been to the FFB, not to the public. In 1983, 74% of total loan asset sales were of CBO's to the FFB.

Subsidy elements and the cost of federal credit activity

The credit budget, by reflecting the volume of direct loan and loan guarantee activity and by providing for Congressional control, is a clear advance over the unified budget approach. But it is important to notice is does not accurately reflect the subsidy elements nor depict the cost of federal credit activity.

Consider two dfferent loan programs; if they obligate the same amount in direct loans, they will be treated as having the same effects for budget scorekeeping purposes. But a measure of the volume of credit activity does not take into account various subsidy elements; for example, differences in lengths of maturity, interest rates, default costs, late payment costs, administrative expenses and other costs to the federal government may be dramatically different in the two loan programs even though they obligate the same amount of loans.

For selected direct loan programs, OMB provides estimates of the present value of the subsidy over the life of the loan. In Special Analysis F of the President's FY 1985 budget, OMB announced its intention to revise Circular A 70, Federal Credit Policy, next year. A-70 was last issued in 1962. OMB has begun the effort to measure more accurately and target more effectively the subsidy element in credit programs.

In its annual analysis of the President's credit budget released last year and this year, CBO commented on the the need to study further the costs of credit activity. Also, CBO released a study in March 1984 entitled, "New Approaches to the Budgetary Treatment of Federal Credit Assistance". The CBO report establishes that the information needed to determine "the spending equivalent cost" of federal credit activity is not readily available under current practice. It offers four plans, some more ambitious than others, which would change accounting principles and the mode of operations in federal credit programs in order to insure the necessary data is consistently reported and the appropriate measures available for budget decision-making.

The purpose of looking for a measure of the cost of credit programs is not to compare the costs of credit programs independently of their objectives. The point is to permit comparisons among different means of financing the same objectives. The benefits achieved by a loan program may also be accomplished with a direct spending program or through incentives in the tax code. Unitil Congress can see an accurate estimate of the costs of credit, it cannot determine the most efficient way to finance its ends.

The recent OMB and CBO reports suggest there may soon be measures available that will permit technically sound cost comparisons between spending and lending programs.

OFF-BUDGET FEDERAL ENTITIES: BACKGROUND

Off-budget federal entities are owned and controlled by the federal government but are excluded, by statute, from the totals in the unified budget. Currently, the off-budget entities are: 1) the Federal Financing Bank, 2) Rural Electrification Administration and Rural Telephone Bank, 3) Strategic Petroleum Reserve Account, 4) United States Synthetic Fuels Corporation, 5) United States Railway Association, 6) Board of Governors of the Federal Reserve System, and 7) U.S. Postal Service. In addition, under P.L. 98-21, the Social Security Amendments of 1983, Old-Age and Survivors Insurance, Disability Insurance and Hospital Insurance Trust Funds will be excluded from budget totals starting in fiscal year 1993.

To indicate the size and growth of off-budget entities, consider these facts. In fiscal year 1973, the total off-budget deficit was $60 million or 0.7% of the total deficit. The off-budget deficit grew steadily until fiscal year 1981. In that year, it was $21 billion or 36.3% of the displayed deficit. The off-budget deficit has declined slightly since then. However, three trust funds are scheduled to go off-budget in fiscal year 1993 and these currently account for roughly 30% of total revenue and 25% of total outlays.

The financial activities of off-budget entities have the same impact on the economy as do the activities of federal agencies included on budget. For that reason, the President's Commission on Budget Concepts in 1967 recommended that: "a unified summary budget statement be used to replace the present three or more competing concepts. . . . The budget should, as a general rule, be comprehensive of the full range of Federal activities. Borderline agencies and transactions should be included in the budget unless there are exceptionally persuasive reasons for exclusion."

Before 1968, the President's budget was presented as an administrative budget excluding all trust funds. For information, the President also offered a consolidated cash budget and a national income accounts budget. The administrative budget was considered "the budget."

Since fiscal year 1969, each President has submitted a unified budget in accord with the Commission's recommendation. Trust funds were included along with all other federal activities. There were two exceptions; the Board of Governors of the Federal Reserve System and the Exchange Stabilization Fund were excluded from the totals of the unified budget from the beginning. The

President's Commission recommended the exclusion of the Federal Reserve System, except for its excess profits. The Exchange Stabilization Fund was eventually put back on-budget.

Over the years, other entities were granted off-budget status. For example, in 1971 the Export-Import Bank was excluded by law, P.L. 92–126, from the unified budget. When the Federal Financing Bank was created in 1973, its activities were also excluded. The Environmental Financing Authority was accorded off-budget status but has since gone out of existence. The Pension Benefit Guaranty Corporation and Housing for the Elderly or Handicapped Fund briefly enjoyed off-budget status. The Social Security Amendments of 1983 (P.L. 98–21), provide that Social Security and Medicare Part A Trust Funds will be taken off-budget beginning in fiscal year 1993.

In recent years Congress adopted legislation to bring specific off-budget entities back on budget. For example, the Export-Import Bank, the Pension Benefit Guaranty Corporation and Housing for the Elderly or Handicapped Fund were put on budget by statute.

The congressional budget process

The Congressional Budget Act of 1974 does not explicitly provide for the treatment of off-budget federal entities. The law granting off-budget status to federal entities do no explicitly exclude them from congressional budget resolutions with two exceptions: P.L. 97–35 explicitly excludes the Strategic Petroleum Account and P.L. 98–21 will exclude Social Security Trust Funds in fiscal year 1993 from budget resolutions.

Budget resolutions, nonetheless, do not include the activities of any off-budget entities in determining aggregate or functional totals. The authority is found in the joint explanatory statement accompanying the conference report on the Act (H.Rept. No 93–1101):

"The managers intend that the definition of 'budget outlays' and 'budget authority' for purposes of the congressional budget process be the same as that used for the executive budget and that any item which is excluded from the executive budget may be excluded from any specification of budget outlays or budget authority in the congressional budget process."

The Budget Committees are required by section 606 of the Act to study and, from time to time, to report recommendations on provisions of law according federal entities off-budget status. The House Budget Committee recommended that off-budget agencies existing in 1976 be included on budget in H. Rept. No. 94–1740 with two exceptions. The Committee urged further study of the Federal Financing Bank and the Federal Reserve System Board of Governors.

The first budget resolution for fiscal year 1980 (H.Con.Res. 107) expressed the sense of Congress that off-budget expenditures should be "related accurately" to the Congressional budget process. The second budget resolution for that year (S.Con. Res. 53) reaffirmed that sense of Congress and included an estimate of total net off-budget outlays. The first budget resolution for fiscal year 1981 (H. Con. Res. 307) included sense of Congress language that the President and Congress should limit off-budget lending activity through the appropriations process and specified an aggregate ceiling. The second budget resolution for that year (H. Con. Res. 448) included similar language as did the first budget resolution for fiscal year 1982. The resolution also expressed the sense of Congress that the President, through administrative action, should limit FFB origination of direct loans guaranteed by other federal agencies and FFB purchase of loan assets to specified levels.

Off-budget Federal entities

(1) Federal Financing Bank.—The Federal Financing Bank Act of 1973 (P.L. 93-224) established the Federal Financing Bank (FFB). The FFB is the main vehicle federal agencies use to sell credit market instruments (i.e., agency securities and direct loans and loan guarantee obligations).

The FFB was created to coordinate federal and federally assisted borrowing. Before the FFB was created, agency securities were sold by the agencies themselves in the credit markets. The agency securities competed with Treasury securities, driving up the interest rate the government would pay and creating problems for overall debt management policies. There is no doubt that the FFB has been extremely useful in this coordinating role. It has saved the federal government significant amounts in interest costs.

The FFB also purchases direct loans and loan guarantee obligations from on- and off-budget agencies. REA and RTB sell more loan assets than any other off-budget entites. On-budget agencies that sell to the FFB include Farmers Home Administration, HUD, NASA, TVA Seven States Energy Corporation and Funds Appropriated to the President for foreign military sales credits. When the FFB purchases assets from a federal agency, the agency pools the loans it makes as security for "certificates of beneficial ownership" (CBO's). The FFB actually purchases the CBO's. The agency retains administration responsibility for the loan or guarantee. The agency, not the FFB, is at risk if the borrower defaults.

An on-budget agency that sells its direct loans to the FFB excludes the outlays associated with those loans from its budget. And since the FFB is an off-budget entity, the outlays are excluded altogether from budget totals.

In addition, the FFB converts federal loan guarantees into direct loans. The outlays from the guaranteed direct loans are attributed to the FFB, not the original guaranteeing agency. Again, the risk and the administrative responsibilities remain with the original guaranteeing agency. It should be noted that before the FFB was established, some agencies, e.g. REA and FmHA, sold their assets directly to the public. They are not constrained to sell to the FFB under current law. It is maintained by some analysts that certain agencies would not sell to the FFB if the agencies did not benefit from the FFB's off-budget status. On the other hand, under the law creating the FFB, the Secretary of the Treasury must approve the method, source and timing of any sales. This should insure the orderly and coordinated marketing of obligations issued or sold by federal agencies.

For fiscal year 1983, FFB net outlays (total outlays less applicable receipts) were $10.4 billion. Combined net outlays from all off-budget federal entities were $12.4 billion. In other words, the FFB portion of off-budget net outlays was about 84%.

The FFB's receipts and disbursements are excluded from the budget totals and FFB expenditures are exempt from any general statutory limitation on spending. The provision taking the FFB off-budget also states that it does not affect the budget treatment of federal agencies authorized to issue, sell, or guarantee instruments purchased by the FFB. While this is literally correct, in effect, FFB financing permits agencies to shift outlays associated with their credit programs to the off-budget FFB. Some believe that agency attribution of credit activity to the off-budget FFB may encourage agencies to use FFB and, without that privilege, they may sell their assets elsewhere. As noted above, however, agencies are required under law to have the Secretary of the Treasury's approval for the method, source and timing of any sales. The task force believes that the Federal Financing Bank performs an invaluable service by coordinating federal and federally assisted borrowing and intends no change in the behavior of the FFB or the agencies using the FFB. H.R. 5247 simply changes the budget treatment of the FFB.

(2) Rural Electrification Administration (REA) and Rural Telephone Bank (RTB).—The Rural Electrification Act of 1936 authorizes REA to provide insured loans for rural electrification and for improvements to telephone service in rural areas. The loans are financed from the Rural Electrification and Telephone Revolving Fund. REA also pools loans and sells certificates of beneficial ownership to the Federal Financing Bank. With the proceeds, REA may make further loans. In addition, REA guarantees loans which are converted into direct loans by the FFB.

The Rural Telephone Bank was established by P.L. 92-12 and P.L. 92-234 which amended the Rural Electrification Act of 1936. RTB is another source of financing for the REA telephone program.

An indication of the size of REA's Rural Electrification and Telephone Revolving Fund is the cumulative balance of direct loans outstanding at the start of a fiscal year: for fiscal year 1982, the Fund had $9.6 billion in outstanding direct loans; fiscal year 1983, $9.8 billion; fiscal year 1984, $9.9 billion. Another important indicator of size is the outstanding loan levels in transactions between the REA and the FFB. At the start of fiscal year 1984, about $3.6 billion in REA direct loans sold to the FFB were outstanding. Also at the start of fiscal year 1984, about $21.6 billion in direct loans made by the FFB and guaranteed by REA were outstanding.

The cumulative balance of direct loans outstanding from the Rural Telephone Bank at the start of fiscal year 1982 was $1.0 billion; fiscal year 1983, $1.17 billion; fiscal year 1984, $1.3 billion. The estimated borrowing authority available at the end of fiscal year 1983 is $9.4 billion.

The level of direct loans and loan guarantees from REA and RTB are excluded, by statute (P.L. 93-32), from the unified budget as are all purchases and resales by Treasury of REA or RTB assets and guaranteed loans. In addition, REA and RTB are exempt from any general statutory limitation on expenditures or net lending.

Annual appropriations bills, however, have included specific limits on REA and RTB activity.

(3) SPR Petroleum Account.—The Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35) established the SPR Petroleum (Strategic Petroleum Reserve) Account. The Account is a special fund in the Treasury from which sums may be obligated by the Secretary of Energy for specified purposes related to the Strategic Petroleum Reserve. There is also a small on-budget annual appropriation for Strategic Petroleum Reserve. Before fiscal year 1982, one on-budget account covered all operating, development and oil purchase costs for SPR.

For fiscal year 1984, Congress appropriated $158.8 million for the on-budget Strategic Petroleum Reserve account. The limit on obligations from the off-budget SPR Petroleum Account provided in the fiscal year 1984 Interior appropriations bill, P.L. 98-146, is $1.686 billion (plus any carryover). Total outlays for fiscal year 1983 were $1.64 billion.

All withdrawals from and deposits or receipts into the Account (and all receipts into the Treasury from the sale of petroleum products in a drawdown of the Strategic Petroleum Reserve) are excluded from the budget totals. For purposes of the Congressional budget, disbursements and receipts from the Account may not be treated as budget authority, outlays, spending authority or revenue. In addition, the SPR Petroleum account is exempt from any statutory general limitation on expenditures or net lending.

(4) United States Synthetic Fuels Corporation.—The Energy Security Act of 1980 (P.L. 96-294) created the United States Synthetic Fuels Corporation (SFC). SFC assists private industry by helping to finance the development of synthetic fuels. The forms of assistance are expected to include purchase agreements, price guarantees, cost sharing arrangements, guaranteed loans and direct loans.

SFC will not make large cash payments until the production of synthetic fuels actually begins. That is not expected for a few years. In the next few years, though outlays from SFC will be small SFC will obligate significant amounts. The total resources available for obligation in fiscal year 1983 were $14.9 billion, appropriated in previous years.

SFC's budget is not included in the budget totals. However, an on-budget account covers any Treasury outlays incurred in connection with SFC. Any funds from the Treasury which SFC requires to make payments or loans will be recorded on-budget.

(5) United States Railway Association.—The Regional Rail Reorganization Act of 1973 (P.L. 93-236) as amended by P.L. 94-210) established the United States Railway Association. The association is authorized (by P.L. 93-236 as amended by P.L. 94-210) to borrow funds and make loans in order to restructure the bankrupt railroads in the Northeast and Midwest and to defray obligations incurred prior to their conveyance to the Consolidated Rail Corporation.

For fiscal year 1983, gross off-budget outlays for U.S. Railway Association were $6 million; applicable receipts were $72 million and, thus, net outlays equaled −$67 million. For fiscal year 1982, net outlays were −$27 million. The President's budget recommendations for fiscal year 1984 included no new loans.

The administrative expenses and the purchase of Conrail securities are on-budget. The Association's lending activity is off-budget but, as shown above, such activity is small and declining. In addition to its off-budget status, the Association's net lending is exempt from any limitation imposed on the budget as a whole.

(6) Board of Governors of the Federal Reserve System.—The Federal Reserve System consists of thousands of member banks, the twelve Federal Reserve Banks and the Board of Governors. The member banks are privately owned and therefore excluded from the federal budget. The twelve Federal Reserve Banks are owned by the member banks and, while their functions are exclusively public, the Federal Reserve Banks are excluded. This is analogous to the budget treatment of Government-sponsored enterprises which are also privately owned but serve public purposes. The Board of Governors is not privately owned.

Under provisions of the Federal Reserve Act of 1913 each Federal Reserve Bank pays a semi-annual proportional assessment levied by the Board of Governors. These assessments finance the Board of Governors' salaries and operating expenses. No appropriations from Congress are needed to support the Board's operations. Salaries and operating expenses were estimated to be $70.1 million in calendar year 1983; income was estimated to be $73.5 million (of which $73.4 million came from assessments).

The Federal Reserve Act of 1913 provides that the semi-annual assessments against the Federal Reserve banks shall not be construed as government funds. the 1967 Budget Concepts Commission recommended that the Board's receipts and expenditures (except excess profits) be excluded from the budget totals. The justification given for the Board's off-budget status and the form of financing is to insure the Board's independence.

(7) U.S. Postal Service.—The Postal Reorganization Act of 1970 (P.L. 91-375) converted the Post Office Department into an independent establishment (within the executive branch) called the U.S. Postal Service. Postal Service activities are financed by 1) mail and service revenue, including reimbursements from Federal and non-Federal sources, 2) proceeds from borrowing, 3) interest from U.S. securities and other investments, and 4) appropriations (i.e., the federal subsidy). These are all deposited in the Postal Service Fund.

The appropriation to the Postal Service Fund was $789 million in fiscal year 1983. That is on-budget. The Federal reimbursements for mail and service are on-budget but only as part of each federal agency's operating expenses. The Postal Service's other receipts and all disbursements are off-budget. For fiscal year 1983 total (on- and off-budget) outlays from the Postal Service were $25.8 billion and total applicable receipts were $25.5 billion.

Appropriations to the Postal Service Fund (the subsidy amount and all federal reimbursements for mail and service) are included in the unified budget by law. Congressional budget resolutions also include the appropriations to the Postal Service Fund. There is no statute requiring that the rest of the Postal Service's budget remain off-budget. The President, however, is given broad discretion to establish "such rules and regulations" as will promote a "business type budget or plan of operation". Under this authority, and to establish the Postal Service as an independent agency, the President presents the rest of the Postal Service's budget apart from the unified budget.

Scheduled To Be Off-Budget

The Social Security and Medicare programs are financed by Old-Age and Survivors Insurance (OASI) Trust Fund, Disability Insurance (DI) Trust Fund, Hospital Insurance (HI) Trust Fund, Supplementary Medical Insurance (SMI) Trust Fund. The Social Security Amendments of 1983 (P.L. 98-21) moves all but the SMI Trust Fund off-budget beginning in fiscal year 1993. In addition, section 346 exempts the three Trust Funds from any statutory general limitation on expenditures and net lending. Between fiscal year 1984 and fiscal year 1993, the four Trust Funds will be set forth separately from other functions in the budget.

For fiscal year 1983, receipts into the three Trust Funds slated to go off-budget were: OASI, $129.0 Billion; DI, $18.3 billion; HI, $35.6 billion.

In other words, receipts into the Trust Funds equalled $182.9 billion or 30% of total revenue ($600.6 billion) received by the federal government in fiscal year 1983.

For fiscal year 1983, net outlays from the Trust Funds slated to go off-budget were: OASI, $153.9 billion; DI, $18.3 billion; HI, $35.6 billion.

In other words, receipts into the Trust Funds equalled $182.9 billion or 30% of total revenue ($600.6 billion) received by the federal government in fiscal year 1983.

For fiscal year 1983, net outlays from the Trust Funds slated to go off-budget were: OASI, $153.9 billion; DI, $18.3 billion; HI, $38.6 billion.

In other words, net outlays from the Three Trust Funds were $210.7 billion or more than 25% of the total (on- and off-budget) outlays ($808.3 billion) for the federal government in fiscal year 1983.

TAX EXPENDITURES

Introduction

The tax code is complex due to the many credits, deductions, deferrals, exclusions, exemptions and preferential rates allowed some taxpayers in specified circumstances. Some of these complicating provisions simply define and measure net income subject to tax. Examples include the standard deduction, the basic personal exemption and deductions of certain business expenses for the cost of earning income. But special provisions have also been introduced. These are intended to achieve specific objectives either by aiding a select group of taxpayers or by encouraging certain forms of economic activity.

These special provisions, or tax expenditures, increase the deficit just as outlays add to the deficit. Tax expenditures implicitly direct money away from the Treasury and towards particular economic activities or sectors. The special provisions often share the same objectives as direct spending and credit programs. Individuals benefit from medicare outlays and from the deductibility of medical expenses. Eligible businesses benefit from federal loans and from tax-exempt bonds. State and local governments benefit from grant programs and from their ability to borrow at tax-exempt rates. In these respects, the special tax provisions affect the federal budget and the economy as a whole in much the same way as do direct spending programs.

The annual report of the Secretary of the Treasury for fiscal year 1968 contained the first tax expenditure budget. It included 50 items. Since then, the number of tax expenditures has more than doubled. The list of tax expenditures for fiscal year 1984 produced by the Joint Committee on Taxation and the Congressional Budget Office contained 108 tax expenditures. It is more difficult to measure tax expenditure growth in dollar amounts because the arithmetic sum total of individual revenue loss estimates may be misleading. In absolute terms, however, the sum total of tax expenditures grew more than 600% from fiscal years 1968 to 1983, from $36.6 billion to $290.3 billion. Total outlays increased 354% in that period, from $178.1 to $808.3 billion. Relative to GNP, tax expenditures grew from 4.4% of GNP to 9.0%; outlays increased from 21% to 25%. Again, the arithmetic sum total of revenue loss estimates does not take into account the effects of interaction among tax code provisions or of changes in taxpayer behavior; however, these figures roughly indicate the magnitude of growth in this form of federal financial commitment. Given this rate of growth, the task force believes that controls on tax expenditures are called for.

In certain functional categories of the federal budget (for example, energy, general purpose fiscal assistance, and housing), the federal financial commitment through tax expenditures exceeds the commitment through outlays. Tax expenditures for housing are more than four times the related amount in budget outlays. In other functions, the growth in federal influence has been far greater on the tax than on the spending side. For example since 1974, tax expenditures in the natural resources and environment functional category have increased more than 800%; the related budget outlays grew by less than 150%. The task force recommends that measures be taken to encourage review of tax expenditures and to promote better coordination among tax expenditures, spending programs and credit activities serving similar public policy objectives.

Defining tax expenditures

Section 3(a)(3) of the Congressional Budget Act defines "tax expenditures" as "those revenue losses attributable to provisions of the Federal tax laws which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability."

The definition explicitly refers to "special" provisions. Provisions of the tax code that simply reflect the definition of income or of taxable income are not considered "special". For example, the deductibility of employee business expenses is not considered a tax expenditure because it is used to measure taxable income; in the standard definition, taxable income equals gross income less the costs of earning income. Other provisions treated as part of the normal tax structure and not considered tax expenditures include: the existing progressive rate schedule for individuals, the exclusion of imputed income from owner-occupied housing and other sources, the exclusion of gifts and bequests received, tax credits for foreign taxes paid, separate rate schedules for individuals and corporations.

The definition in the Act is not pejorative. To say that a provision results in a tax expenditure does not imply that the provision should be repealed or modified; just as to say that a certain federal activity results in outlays does not imply that the activity should be stopped or changed. The identification of a tax expenditure or an outlay program suggests only that they deserve congressional scrutiny and should be part of the budget process.

The definition of "tax expenditures" appeared in the Senate version (S. 1541) of the bill that became the Congressional Budget Act of 1974. Section 2 of the Senate version included in the definition of "tax expenditures" the phrase "representing a deviation from the normal tax structure for individuals and corporations." Otherwise, the tax expenditure definition was identical with that finally enacted.

House Report No. 93-1101, the joint explanatory statement by the managers on the Congressional Budget Act of 1974, explained the deletion in the conference substitute of the phrase about "the normal tax structure" as follows:

"The Senate definition of 'tax expenditures' has been simplified although no change in meaning is intended."

Identifying tax expenditures

The term "tax expenditures budget" is defined in the Act as "an enumeration of such tax expenditures." Senate Report No. 93-579, The Senate Committee on Government Operations "Report on Federal Act to Control Expenditures and Establish National Priorities (S. 1541)," included this statement:

"The term 'tax expenditures budget' means the enumeration of tax expenditures as published by the House Ways and Means Committee in 'Estimates of Federal Tax Expenditures'."

The first tax expenditures budget was included in the annual report of the Secretary of the Treasury for fiscal year 1968. The Secretary's annual report for fiscal year 1970 also included a tax expenditures budget. The Conference Report on the Revenue Act of 1971 provided that Treasury should continue to make annual estimates of tax expenditures and report them to the tax committees and the Joint Committee on Taxation. In 1972 and in 1973, the House Ways and Means Committee published the Treasury annual estimates in documents entitled "Estimates of Federal Tax Expenditures." It was in reference to these documents that the Congressional Budget Act of 1974 defined "tax expenditure budget."

The Congressional Budget Act of 1974 also required CBO to make annual reports on tax expenditures, required the President to include a tax expenditures budget in his annual budget presentation and required the Budget Committees to include tax expenditure budgets in the reports accompanying budget resolutions. The Joint Committee on Taxation publishes annual estimates of tax expenditures. These are usually incorporated into the larger CBO report. The ground rules for identifying tax expenditures were developed from the system used by Treasury in the first tax expenditure budgets. The same ground rules were used for the reports issued by congressional committees and CBO. The Budget Committees, in their required projections, match the Joint Committee on Taxation/CBO list. The same method was in developing the Administration's tax expenditure budget in Special Analysis G from 1975 until 1982.

As noted in the original Senate definition, the "special provisions" of the code are identified against the backdrop of the normal tax structure. The normal tax structure consists of the basic tax rules (e.g., the individual tax rate structure) and those provisions used to determine taxable income by reference to standard definitions or practices (e.g., deductions for employee business expense or other deductions of the costs of producing income). Tax expenditures are the exceptions to the basic rules or the standard definitions and are used to encourage certain forms of economic activity or to reduce the tax liability of certain classes of individuals or firms. Exceptions to the normal tax structure that increase tax liability (for example, limitations on the deductibility of losses on the sale of assets) are not counted as "negative" tax expenditure.

Reference tax rules and the normal tax structure

In the last two years, the Administration has used a slightly different set of ground rules to identify special provisions. The definition of tax expenditures is the same; the method of finding them is somewhat different.

The fiscal year 1983 Special Analysis G laid out two identifying conditions for tax expenditures:

> The provision must be "special" in that it applies to a narrow class of transactions or taxpayers; and
>
> There must be a general provision to which the "special" provision is a clear exception.

The Administration uses the term "reference tax rules" to refer to the set of general rules against which exceptions are called "special". The fiscal year 1985 Special Analysis G spells out the differences between the "normal tax structure" (used by Congress) and the "reference tax rules" (used by the Administration).

There are three major differences between the normal tax structure and the reference tax rules.

First, the normal structure and the reference rules agree on the definition of the taxpaying unit with two exceptions:

(1) The Administration treats controlled foreign corporations as a separate taxable unit. Thus, the general reference rule for treatment of such corporations is however the tax code treats them. Special treatment of such corporations is not an exception because there is no more general rule to be an exception to. The Administration does not treat the deferral of income (until the income is "realized" by the U.S. company) from controlled foreign corporations as a tax expenditure. Congress sees the deferral as an exception to the normal treatment of corporate income. The deferral benefits a select class of firms. JCT/CBO treat the deferral as a tax

expenditure. For fiscal year 1985, the estimated revenue loss from this provision will be $375 million.

(2) The Administration also treats cooperatives (businesses owned by and organized for their patrons) as a separate taxable entity. The Administration does not consider special those deductions for cooperatives which are not granted to other businesses. This provision is estimated to lose $600 million in revenue during fiscal year 1985.

Second, the normal structure and reference rules differ on the treatment of the corporate tax rate structure. The corporate rate structure is a basic flat rate of 46% with reduced rates on income below $100,000. Most corporate income is subject to the 46% rate. In addition, the reduced rates are often referred to as a small business benefit. The JCT/CBO and Budget Committee tax expenditure budgets treat the flat rate as part of the normal tax structure. The reduced rates are therefore considered a tax expenditure. On the other hand, the individual rate structure, whatever it is, is considered part of both the normal structure and the reference tax rules. The Administration contends that the corporate rate structure, whatever it is, should also be considered the general rule. Hence, the Administration does not include reduced corporate rates in its tax expenditure budget. In fiscal year 1985, the revenue loss from reduced rates is estimated to be about $7 billion.

Third, one source of disagreement turns on the general accounting rules for determining taxable income. The normal structure and the reference rules agree that some provisions designed to determine taxable income are not special. They share the same basic principles about determining taxable income. The normal structure and reference tax rules also agree that gifts are not part of gross income.

The reference tax rules, however, assume that public assistance benefits are gifts from the federal government; thus, the exclusion of such benefits is not an exception to a reference rule. The Administration does not consider the exclusion a tax expenditure. The normal tax structure treats public assistance benefits as part of gross income and thus sees the exclusion as a special provision. The estimated revenue loss from this provision in fiscal year 1985 is $440 million.

General accounting rules for depreciation account for the largest, in dollars, issue in dispute. The normal structure and the reference rules agree that some depreciation allowance is needed to determine taxable income. The reference tax rules accept the existing depreciation structure, whatever it is, as part of the general rules. Thus, the Accelerated Cost Recovery System (ACRS) is not considered a tax expenditure by the Administration. The Administration also argues that ACRS applies to the full range of depreciable assets and is, thus, not "special." The normal tax structure recognizes only the standard accounting principles on depreciation. To the degree depreciation rules in the tax code differ from standard accounting practice, the normal tax structure treats those rules as special provisions yielding tax expenditures. JCT/CBO calculate the tax expenditure portion as anything exceeding what standard practice would yield. JCT/CBO also argue that ACRS was explicitly intended to stimulate capital formation, not to reflect actual depreciation, and thus should be treated as tax expenditures.

Despite these differences in method of identification, there is substantial agreement on the inventory of existing tax expenditures. The Administration excludes some items which the Congressional budgets include as tax expenditures. In the fiscal year 1984 tax expenditure budgets, JCT/CBO included thirteen items which the Administration did not include. Disputing thirteen items out of the entire tax code appears to be a small difference. One of the thirteen items is the suspension of regulations relating to allocation under Section 861 of research experimental expenditures. This provision is estimated to lose less than $2.5 million in revenue in fiscal year 1985 and will no longer be in effect after that year. A list of disputed items estimated to lose revenue of more than $400 million in fiscal year 1985 follows:

Revenue loss estimate for fiscal year 1985

[In millions of dollars]

Tax expenditure provision:	
Deductibility of patronage dividends and other items for cooperatives	600
Depreciation on rental housing in excess of straight-line	885
Depreciation on buildings other than rental housing in excess of straight-line	400
Accelerated depreciation on equipment other than leased property	21,705
Reduced rates on the first $100,000 of corporate income	7,025
Deduction for two-earner married couples	6,350
Exclusion of public assistance benefits	440

The list suggests the range of disagreement is small relative to the entire tax code. One issue, the treatment of depreciation, accounts for a very large share of the difference in dollars.

The task force finds three points to emphasize:

The Administration and Congress agree on a definition of tax expenditures based on the notion of "special" provisions. This is the definition found in the Congressional Budget Act of 1974.

While there are different methods of identifying "special" provisions, the differences are not insurmountable. Moreover, the different methods yield substantially the same result when applied to provisions of the tax code. The largest disagreement came in fiscal year 1984; thirteen items were in dispute.

Tax expenditure budgets have been prepared and publicly examined since 1967. Treasury, OMB, the Budget Committees, House Ways and Means, Senate Finance, Joint Committee on Taxation and the Congressional Budget Office have all been involved at least since the fiscal year 1976 budgets. By contrast, the separate credit budget first appeared in the fiscal year 1981 budgets.

Measuring tax expenditures

The Joint Committee on Taxation and the Congressional Budget Office present estimates of tax expenditures on a "revenue loss" basis. The revenue loss is an estimate of how much more revenue the federal government would collect if the special provision did not exist. It is calculated as if the item under consideration had not been enacted but all other tax provisions remain the same.

Revenue loss estimates do not represent an estimate of the net gain if the provision were repealed in the fiscal year under consideration. For example, transitional effects in the initial year of a change in the tax code are not considered, changes in taxpayer behavior are not estimated and the question of phase-in rules is not broached. Revenue loss estimates do indicate the average amount of revenue gain over the long run if the provision were repealed. More importantly, they show the relative size and growth of special provisions and thus provide a measure that can be used by Congress to control the growth of tax expenditures.

The Administration's Special Analysis G presents revenue loss estimates and, since the fiscal year 1982 budget, also provides "outlay equivalent" estimates. The outlay equivalent is an estimate of the outlays that would be required if, for each tax expenditure, the federal government provided the same benefits through a direct subsidy.

The effects of interaction.—Interactions among the tax expenditure under consideration and other tax provisions are not taken into account in estimating revenue loss or outlay equivalents. For individual items, this is not a serious problem. When aggregating estimates, however, the interaction problem makes the simple arithmetic sum of individual estimates a misleading figure. The interaction effects, however, can be calculated when dealing with several provisions.

In the fiscal year 1982 Special Analysis G, the Administration estimated the combined effect of all itemized deductions that are tax expenditures. Including interaction effects, the combined revenue loss for fiscal year 1982 was estimated to be $62.3 billion; the arithmetic sum of separate revenue loss estimates was $81.8 billion. CBO notes that, for exclusions that are tax expenditures, the combined revenue loss including interaction effects is significantly higher than the sum of separate revenue loss estimates.

Under current practice, the budget resolution sets a revenue floor. Interaction effects are calculated now when a measure providing several tax expenditures is under consideration and an estimate of revenue loss is required to determine whether the measure would breach the overall revenue floor. The Administration also presents aggregate outlay equivalents by major function after calculating interaction effects.

Since the task force's approach focuses on incremental changes, the necessary calculations of interaction effects can be done. In fact, they are already being done.

Outlay equivalent.—The outlay equivalent measure is a first step in the direction of a measure that facilitates comparisons among tax expenditures, spending programs and credit activity. The outlay equivalent differs from the revenue loss estimate for two reasons. The timing of the tax collection cycle affects the revenue loss estimates for any given fiscal year whereas estimates for the direct subsidy equivalent assume that outlays will flow evenly through the year. Some differences between the outlay equivalent and the revenue loss estimate are accounted for by differences in timing.

In some cases, the outlay equivalent estimate exceeds the revenue loss estimate because the direct subsidy program increases the taxable income of beneficiaries. To produce an after-tax benefit equal to that provided by the tax expenditure, the direct subsidy program must add the extra amount paid in taxes. This is called "grossing up." Note that the net effect on the deficit will not reflect this grossing up; the additional cost of the outlay equivalent are matched by the additional taxes into the Treasury.

Some outlay equivalent programs would not increase taxable income. Deferrals of tax liability are like interest-free loans. Government loans would be exempt from tax under the normal tax structure. Thus, the outlay equivalent matches the revenue loss estimate for deferrals.

For the most part, it is known whether or not the direct subsidy equivalent to a tax expenditure produces additional taxable income. There are disputes, however, over deductions for housing and medical insurance. Would the direct subsidy equivalent provide a subsidy to the consumer which would increase his taxable income? Would the subsidy go directly to the vendor, in effect, discounting the price for the consumer? Price discounts, whether from a car dealer or federal government, are generally not considered taxable income.

This raises a larger question about the design of the direct subsidy equivalents of tax expenditures. If the outlay equivalent measure is to be analytically sound, the direct subsidy equivalent must produce the same benefits as the tax expenditure. One reason to consider alternative means of financing the same objective, however, is to change the distribution of benefits. For example, an itemized deduction provides greater benefits to those in higher income classes; interest in a direct subsidy that accomplishes similar objectives might be sparked by the desire to change the distribution of benefits. The outlay equivalent may not be the direct subsidy program that Members wish to compare with the tax expenditure.

The task force believes that further study of the outlay equivalent measure would be useful. H.R. 5247 requires CBO to study measures of spending programs, credit activity and tax expenditures that will facilitate comparisons among them.

Encouraging review and trade-offs

Tax expenditures are not subject to annual review. Some special provisions expire; however, for most tax expenditures, once enacted into law, there is no automatic termination date. The Oversight Subcommittee of the Ways and Means Committee, it should be noted, has been actively reviewing tax expenditures and tax shelters (which may or may not arise from special provisions) in the last several years.

Clause 2(d) of House Rule X requires that each standing committee review tax expenditures affecting programs within its jurisdiction:

"Each standing committee of the House shall have the function of reviewing and studying on a continuing basis the impact or probable impact of tax policies affecting subjects within its jurisdiction as described in clauses 1 and 3."

Clause 1 establishes the jurisdictions of standing committees and clause 3 sets forth special oversight jurisdiction for certain committees.

Clause 2(d) originated in the "Committee Reform Amendments of 1974", H. Res. 988. In its report (H. Rpt. 93-916, Part II) accompanying H. Res. 988, the Select Committee on Committees explained its position on the need to review tax expenditures.

"The select committee considered alternative methods of giving the legislative committees a role in reviewing tax expenditures. The committee recognizes that the Budget Committee must ultimately play a key role in long-range coordination of tax subsidy and direct expenditure programs. That committee, as part of its macroeconomic function, will hopefully work with Ways and Means and the other legislative committees to determine which tax expenditure programs should be phased out or absorbed into direct expenditure programs. In addition, the select committee envisions a positive oversight role for each committee through their authorization to study and review the impact or probable impact of tax policy on subject areas within their jurisdiction. These efforts by the various committees, it is hoped, will lead to greater communication among the committees on the consequences of various tax provisions on other areas of national policy priorities."

The task force reaffirms those general principles.

The tax expenditure ceiling

H.R. 5247 provides enforcement procedures to control the amount of increases to the level of tax expenditures. The controls are similar to the controls on spending and lending required by H.R. 5247. The major elements of this system are the discretionary action allocation and the point of order control.

In the report accompanying a budget resolution, the tax committees will receive a discretionary action allocation for tax expenditures. In general, the discretionary action allocation will equal the recommended change to the level of tax expenditures that is voted on as part of the budget resolution. That allocation limits the expansion of existing tax expenditures and the proliferation of new tax expenditures. Consideration of any measure providing changes to tax expenditures would be subject to a point of order if enactment of the measure, along with legislation previously adopted by Congress, would cause the allocation made to the tax committee of that House to be exceeded.

The discretionary action allocation is a net figure. It might assume some reductions yet overall produce an increase. Suppose the tax committees receive an allocation that assumes an overall increase. There is a ceiling on how much revenue may be lost through special provisions; in other words, there is a limit on tax expenditure increases. A measure would not be in order if the tax expenditure increases provided in the measure—combined with the increases provided in other adopted measures and less any tax expenditure reductions adopted since the budget resolution was in place—are greater than the discretionary action allocation for tax expenditures.

On the other hand, the tax committees might receive a negative allocation if Congress wants a net reduction in tax expenditures. The point of order still acts primarily as a limit on new tax expenditures or expansions of the existing ones. In effect, the sanction only applies to measures increasing tax expenditures. The point of order will not lie against a measure reducing tax expenditures less than the full amount assumed in the budget resolution. Further reductions may be contained in legislation to be reported later in the sessin. This is comparable to existing conventions in the case of a spending committee that receives a negative outlay allocation and reports a measure reducing outlays less than the full amount assumed; there is no sanction against such legislation.

The task force believes that only action taken directly on tax expenditures should be counted in scorekeeping for the tax expenditure ceiling. The language of H.R. 5247 makes clear that, for example, the effects of an across-the-board reduction or an increase to the standard deduction are to be ignored in scoring action on tax expenditures. Increasing the standard deduction (not a tax expenditure) will, generally, decrease the amount of revenue the federal government collects. Increasing the standard deduction, however, would reduce the revenue loss from most itemized deductions that are tax expenditures because the larger standard deduction would be more attractive to some people who now benefit more from itemizing.

Along with setting a ceiling on the changes to existing tax expenditures, the budget resolution sets a floor on the overall level of revenue. The task force believes that the overlap should be counted in one direction only. That is, in scoring Congressional action with respect to the overall revenue floor, all tax bills should count. That includes measures providing changes to tax expenditures. In meeting the tax expenditure target, however, the task force believes that only action on tax expenditures should count.

This is comparable to existing spending-scorekeeping conventions. For spending committees, the overall outlay target includes outlays flowing from entitlements. For a committee to meet its entitlement authority target, only action on entitlements count.

F. DETAILED OUTLINE OF H.R. 5247

This appendix contains a detailed outline of H.R. 5247. The outline is intended to provide a quick but comprehensive overview of the provisions recommended by the task force.

The Congressional Budget Process
under
H.R. 5247
as Recommended by the
Rules Committee Task Force on the Budget Process

(Features use of single binding budget resolution, accelerated timetable, more comprehensive coverage, and strengthened controls)

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I. AN EARLY START TO DISTRIBUTE WORKLOAD EVENLY THROUGH THE YEAR

A. ACCELERATED HOUSE ORGANIZATION

January 3	The House will convene. (In recent years, a later date for convening has been set by statute.)
Seven days after the House convenes in odd-numbered years	The House will elect its committees. (Currently, committees are required to be elected "at the commencement" of a new Congress.)

B. ACCELERATED SCHEDULE FOR AUTHORIZATION OF APPROPRIATIONS

May 15 (prior year)	The President will submit year ahead authorization requests (as required now by the Budget Act).
1st Monday after January 3	CBO will submit a report listing the expiring authorizations affecting the budget year. (This will be a new requirement.)
February 1	Beginning date for monthly leadership announcements of schedule for major authorizing legislation affecting the budget year. (The task force urges these monthly schedules as a way of promoting early consideration of authorizations.)

C. ACCELERATED BUDGET RESOLUTION TIMETABLE

1st Monday after January 3	The President will submit the budget. (Currently, he is required to submit it 15 days after Congress convenes.)
Two weeks after budget submitted	The Executive will submit budget back-up materials, including justifications and proposed legislation involving taxes and direct spending. (This will be a new requirement.)
February 15	CBO will submit annual report to Budget Committees. (The required date for this report is April 1, but CBO normally submits it earlier.)

February 25	Committees will submit views and estimates to Budget Committees. (These are currently required on March 15.)
April 15	Congress will adopt the budget resolution. (The current adoption deadline is May 15.)

D. OTHER MAJOR EARLY TIMETABLE FEATURES

1. Multi-year authorizations. The task force report urges committees to report multi-year, rather than annual, authorizations and to report year-ahead authorizations. The report also urges committees to establish a "contingency" authorization, when feasible, which will permit timely consideration of appropriations when authorizing legislation is late.

2. Full work weeks. The task force report urges the scheduling of full work weeks early in the year to facilitate five-day hearing schedules and timely House consideration of authorizing legislation affecting the budget year.

3. Elimination of authorization reporting deadline. The current May 15 reporting deadline for authorizations will be eliminated. Instead, the task force requests the leadership to announce each month, beginning February 1, a schedule for that month's consideration of authorizations affecting the budget year. House Rule XXI already establishes a requirement for enactment of authorizations prior to consideration of appropriations, and the Rules Committee will continue to consider waivers of that rule on an ad hoc basis.

4. Elimination of budget resolution reporting deadline. The current April 15 reporting deadline for the budget resolution will be eliminated, and the current ten-day layover period will be reduced to five days. The Budget Committee will set its own schedule in a way that will allow Congress to meet the April 15 adoption deadline.

II. BUDGET RESOLUTION—CONTENT AND CONSIDERATION (April 15)

A. EXISTING CONTENT

1. Aggregates. Overall levels of budget authority, outlays, revenues, deficit, and debt limit will be included in the budget resolution, as in current practice.

2. Functions. Programmatic functions (health, veterans, defense, energy, etc.) will be included in the budget resolution, as in current practice.

3. Outyears. Outyear planning figures for aggregates and functions will be included in the budget resolution for two years beyond the budget year, as in current practice.

4. New matters inserted by use of elastic clauses. An elastic clause permitting procedural changes and other new matters to be included in a budget resolution will be retained but new safeguards on its use will be established to ensure adequate consideration of any proposed new procedures.

    a. Early notice. The task force report urges the Budget Committee to announce proposed new House procedures early enough to provide affected House committees the opportunity to comment on new procedures.

    b. Referral to Rules Committee. Changes to House procedures inserted in the budget resolution shall be automatically referred to the Rules Committee for five days.

    c. Conference reports. Procedural changes contained in budget resolution conference reports different from those contained in the House-passed budget resolution will be considered in the same manner as nongermane Senate amendments (a separate vote will be allowed).

5. Three-year reconciliation directives. Reconciliation directives for three years will be included in the resolution. (Under current practice, reconciliation directives for one year are included in the first budget resolution, with recommendations for two outyears.)

B. MORE COMPREHENSIVE COVERAGE

1. Off-budget activities.

    a. Agencies, programs currently off-budget. The following agencies and programs will be required to be included in the President's budget and in congressional budget resolutions: the Federal Financing Bank, the Rural Electrification Administration and Rural Telephone Bank, the Strategic Petroleum Reserve, the Synthetic Fuels Corporation, and the U.S. Railway Association. For budget accounting purposes, loans financed by the Federal Financing Bank will be attributed to the agency making the loan. (Under current law, the above-listed agencies are off-budget.) The Federal Reserve and the U.S Postal Service will remain off-budget.

    b. Programs scheduled to be taken off budget. The three Social Security trust funds (OASI, DI and HI) will remain on budget. (Under current law they are scheduled to be taken off budget in 1992.)

c. Legislation proposing off-budget status. The Committee on Government Operations will have automatic sequential referral of any measure which would take an agency or program off budget. (This will be a new House rule.)

2. Credit.

a. As a part of the resolution. Aggregate and functional levels of direct loan obligations and primary guarantee commitments will be included in the budget resolution for the budget year and two planning years, subject to the same controls as spending. (In current practice, credit levels are included in the budget resolution, but for advisory purposes only.

b. Subject to appropriations. Legislation providing for new or expanded credit authority will be subject to a point of order unless the measure is an authorization of an appropriation. (This is a new requirement, similar to the existing Budget Act restriction on contract and borrowing authority.)

3. Tax Expenditures

a. Inventory. CBO will be required to submit to Congress an inventory of tax expenditures, based on existing definitions in law, on February 15 of each year; that list will be used for purposes of the congressional budget process.

b. As part of the resolution. The recommended change to the level of tax expenditures will be included in the budget resolution separately from the recommended change in the overall level of revenue. Reconciliation instructions may direct a change in the level of revenues specifically from changes in tax expenditures. (Currently, tax expenditures are not included in the resolution.)

4. Trade-offs in forms of federal commitment. The task force urges that, in marking up the budget resolution, the Budget Committee experiment with various approaches to making trade-offs within each functional category among spending, credit activities, and tax expenditures. Such trade-offs could be modeled on the Canadian "envelope" system which is used to make trade-offs between spending and tax expenditures.

5. Capital budget. The task force recommends improvements in the President's budget analysis of capital expenditures (Special Analysis D). No separate capital budget would be established.

C. IMPROVED INFORMATION RELATING TO BUDGET RESOLUTIONS

1. Baseline projections. H.R. 5247 includes a definition of the budget baseline. Currently the lack of agreement on this definition causes much confusion in developing a budget resolution.

2. Outlay/credit/tax expenditure comparison. CBO will be directed to conduct continuing studies to enhance comparisons of spending, credit, and tax expenditures.

3. Total level of federal commitment. The Budget Committee will be required to include in the report accompanying the budget resolution information on the total level of Federal commitment for each programmatic function. The report will display the level of spending, tax expenditures and credit for each function, so that total commitment in the various functions can be compared.

4. Management functions. The task force urges the Budget Committee to display in the report on the budget resolution a breakdown of the budget by management function (means-tested entitlements, non-means-tested entitlements, interest on the debt, defense, etc.)

D. COMMON ECONOMIC ASSUMPTIONS AND TECHNICAL ESTIMATES

1. Floor amendments. The task force urges the Rules Committee to require a CBO cost estimate, using common economic assumptions, for each amendment to be offered to the budget resolution.

2. House Senate conference. The House and Senate will establish common economic assumptions and technical estimates at conference stage, consistent with current practice.

E. AVOIDING LINE-ITEM DEBATE. The task force urges the Rules Committee to focus House consideration of budget resolutions on major fiscal and priority issues (principally through substitute amendments) rather than on line items.

F. SUBSEQUENT BUDGET RESOLUTIONS. One budget resolution per year will be required, but Congress will be able to adopt a subsequent budget resolution any time after the first budget resolution is adopted and before the end of the applicable fiscal year.

III. IMPLEMENTING THE BUDGET RESOLUTION—TIMING AND CONTROLS FOR SPENDING AND REVENUE LEGISLATION (May-September)

A. TIMING OF APPROPRIATIONS

1. House reporting deadline. The last appropriations bill will be required to be reported by June 10. To meet this deadline, the House Appropriations Committee will need to begin reporting bills in mid-May. (Currently there is no reporting deadline for appropriations bills.)

2. House action deadline. The House will be required to finish all regular appropriations bills by June 30 and will be precluded from considering a resolution providing for the Independence Day District Work Period until they are approved. (The Budget Act sets a deadline—7 days after Labor Day—for enactment of spending measures provided that authorizations are "timely enacted." There are no deadlines for completion of House or Senate consideration of appropriations.)

3. Senate action deadline. The Senate will be required to finish all regular appropriations bills by August 15.

B. CONTROLS ON NEW SPENDING AND REVENUE LEGISLATION

1. Aggregate control

    a. Effective immediately. The Section 311 point of order control for aggregate spending and revenue will be effective immediately upon adoption of the budget resolution. (In recent years, the aggregate ceiling has been effective upon adoption of a second budget resolution or on October 1, whichever came first.)

    b. Credit control. Measures which would exceed the aggregate credit ceilings will, for the first time, be subject to a point of order.

    c. Exception for committees within their allocation. Measures reported from a committee which are within Section 302(a) discretionary action (spending, credit and revenue) allocation will not be subject to the aggregate point of order. (This is similar to the exception in the FY 84 and FY 85 budget resolutions.)

2. Committee allocation control

    a. New control on committee totals. Effective immediately upon adoption of the budget resolution will be a new point of order against any measure which would breach a committee's Section 302(a) discretionary action (spending, credit and revenue) allocation. Enforcement may be on one-year or three-year allocations.

    b. Credit control. As with spending, any measure which would exceed a committee's discretionary action allocation of credit will be subject to a point of order.

c. Tax expenditure control. Any tax expenditure measure which would reduce revenues below a committee's discretionary action allocation for new tax expenditures will be subject to a point of order.

3. Limitation on use of suspensions. Spending, revenue, and credit bills which exceed $10 million will not be considered under suspension calendar procedures. (This will be a new House rule.)

C. RECONCILIATION—CONTROLLING THE BUDGET BASE

1. Focus. Reconciliation will be focused on entitlements, revenues, and other activities required by existing law and not subject to annual review.

   - Reconciliation of authorizations of appropriations will be prohibited.
   - The task force urges that program liberalizations not be included in a reconciliation bill.
   - Reconciliation of credit programs which flow from existing law will be permitted.
   - Reconciliation of existing tax expenditures will be permitted.

2. Enforcement. If committees fail to report as directed by reconciliation, the Rules Committee will be explicitly authorized to make in order amendments to the omnibus reconciliation bill to achieve the reconciliation directives.

3. House action deadline. The House will be required to complete action on reconciliation by June 30, and will be precluded from considering a resolution providing for the Independence Day District Work Period until reconciliation is done. (Currently a deadline for committees to report reconciliation legislation is set in the first budget resolution, but there are no other deadlines for reconciliation.)

4. Senate action deadline. The Senate will be required to complete action on reconciliation by August 15.

D. DISCOURAGING THE USE OF NEW FINANCING MECHANISMS THAT ESCAPE ANNUAL REVIEW

1. Description of financing mechanisms. As part of the CBO cost estimate currently required for committee-reported bills, CBO will be required to include a description of any proposed indirect financing mechanism (e.g. revolving funds, monetary credits). In addition, committees will be required to describe the proposed mechanism and explain why that mechanism is used instead of an annual appropriation.

2. Point of order control. A new point of order will be established against any measure containing any indirect financing mechanism.

3. Limitation on use of suspensions. No measure including an indirect financing mechanism will be permitted to be considered under suspension calendar procedures. (This will be a new House rule.)

4. Inventory. GAO will be directed to submit an annual report on indirect financing mechanisms in current law within 18 months after the revisions to the Act become effective, and to update that report periodically.

E. IMPROVED CONTROL INFORMATION

1. Required filing of Section 302(b) committee subdivisions. If a committee has been given a Section 302(a) allocation for discretionary action, any spending or credit measure reported from that committee will be subject to a point of order if the committee has not filed its Section 302(b) subdivisions.

2. Regular scorekeeping reports. CBO will be required to submit monthly reports to committees on the status of action on the budget. (At present, CBO is required to submit such reports periodically.)

3. Conference report cost estimates. Committees will be required to make available CBO cost estimates for spending or revenue legislation prior to House or Senate consideration of the conference report. (Current requirements for CBO cost estimates apply only to committee-reported bills.)

4. Member User Group. The Speaker, in consultation with the Minority Leader, will be required to appoint a group of members to advise him on issues—such as disputes over scorekeeping rules—that may develop during the implementation of the budget resolution.

ADDITIONAL VIEWS OF HON. JAMES R. JONES AND HON. LEON E. PANETTA

INTRODUCTION

We were pleased to have participated, as ex-officio, non-voting members, in this review of the budget process by the Task Force on the Budget Process.

The Task Force, under Chairman Beilenson's able direction, undertook a detailed review of various aspects of the existing congressional budget process and proposals for its reform. The Task Force members and staff devoted many long hours to this review.

Although we believe that many elements of H.R. 5247 strengthen the existing budget process, we are unable to support the proposal in its current form for various reasons. These concerns were raised throughout the Task Force's review stages but we believe that certain issues must still must still be addressed as the Committee on Rules further considers this measure before we can completely support H.R. 5247.

Additionally, in order to improve the future operation of the budget process we would offer the suggestion that the present juridictional arrangement whereby the Rules Committee has sole jurisdiction over the Budget Act be modified. Unlike the Senate, where the Budget and Rules Committees share jurisdiction over most of the Budget Act, the House Budget Committee has no formal role in amending the Budget Act. This arrangement is neither equitable nor sensible. Under the present system the Budget Committee is required to operate under rules and procedures it has no formal role in writing. The informal arrangement whereby Budget Committee members sit as non-voting members on another committee's task force is unsatisfactory. It intrudes the membership of one committee on the deliberations of another—a result that is unsatisfactory for either institution.

On the question of jurisdiction over the basic Budget Act, the House would be best served by following the example of the Senate by amending the Rules to provide for shared jurisdiction between the Rules and Budget Committees.

The specific issues which we believe require further attention, as well as the elements of the bill which we support, are identified and examined in the following sections.

Before addressing the bill's specifics, it is important to recognize the unavoidable complexities of the budget process—of any budget process. Budgeting is one of the central responsibilities of government. It involves the difficult task of allocating resources among the competing areas of the budget. In recent years, due to the growing concern of the impact of large budget deficits, the process has become even more controversial.

A congressional budget process seeks to formulate a coherent fiscal policy and set of budget priorities, with the aim of guiding Congress in its consideration of the actions of the legislative committees. By its nature, the process can, at times, intrude upon the institutional prerogatives of the other committees. A strong budget process is not necessarily incompatible with a flexible process.

A budget process, through its coordinating mechanisms, develops the will of the majority of the members of Congress. But if there is no consensus, and if political opinions are too closely balanced, a stalemate can develop. This can occur in either body, and has occasionally impeded Congress in dealing with its other responsibilities. There is no procedural remedy for such a problem, nor should one be sought. There are only two real solutions to a political stalemate: a new election or a willingness to compromise.

With such a majority or consensus a strong budget process should allow Congress to move more quickly and comprehensively. There is no guarantee that it will move more wisely. We have concluded that good budget policy depends essentially on the wisdom and broadmindedness of the Members who are involved most directly in the process—the Budget Committees, the congressional Leadership, the key spending and taxing committees, and the President. The budget process is just a means to an end; sound judgments are required to make it work and determine its proper goals.

Within this context, perhaps the bill's greatest strength is that it attempts to be practical. It seeks to avoid impossible tasks, radical changes in procedure, or rules so complicated and rigid that procedural paralysis is likely. We are not sure that the aim is entirely accurate, but the target is correct.

In a number of respects, H.R. 5247 is valuable:

(A) The "single-binding" concept is, we think, an improvement over the original Act. One budget resolution per year is generally enough. Major fiscal and budgetary decisions need not be thrashed out both spring and fall, and experience has shown that a second resolution rarely leads to substantial policy changes. It occurs too late in the annual cycle to produce such changes. Practice has shown that one resolution is sufficient and that the procedures to implement the budget should apply upon enactment (including reconciliation).

(B) The successful experiments with increased coverage of the Budget Act are formalized. Multi-year budget planning is a necessity. Due to the concern over future deficits, Congress can no longer ignore the future implications of its budgetary decisions. Credit controls are appropriate, and appear to be realistic at this time. The bill further expands the process by bringing off-budget spending back on budget.

(C) Speeding up the timetable is necessary, and in our view completely workable. This year the House agreed to its fiscal year 1985 budget resolution on April 5 and last the House completed action on its fiscal year 1984 resolution on March 23. In both cases this was accomplished despite the fact that the President's budget arrived in February. However, due to Senate delays in adopting its version of the budget resolution for each of those fiscal years, Congress did not complete action on either resolution by the May 15 target set forth in the Budget Act. Starting in early January and with Leadership support, there is no reason why Congress cannot complete a budget resolution by April 15. The advantage of this accelerated timetable to the entire legislative process cannot be overstated. It would not just gain one additional month for the legislative session; in a year such as this it would increase the number of legislative days available for reconciliation, authorizations, and appropriations by as much as 40 percent.

(D) Budget enforcement is fundamentally altered. The basic sanction in the original Budget Act is the point of order when an aggregate ceiling is breached after October 1. Under H.R. 5247, however, the basic sanction is a point of order when a committee breaches its own allocation after April 15. The Task Force report makes the case for this change in strong terms. On balance we agree, but the issue is not black and white. An individual committee may find itself at its own ceiling even when the aggregates are in no way threatened: after agreement to a budget resolution, there is no convenient way to shift minor amounts among committees. Likewise, for committees with very little direct spending jurisdiction, line-item assumptions in a budget resolution can be critically important. Such a committee may not have enough programs under its jurisdiction to make internal tradeoffs if a specific budget assumption proves hard to meet. Finally, it is not always easy to attribute a spending bill to a committee. Increasingly we see a simple House-passed bill come back from conference containing provisions from unrelated House bills, and with still other unrelated provisions originated by the Senate. More and more frequently the various provisions originated with other committees. The bill might start as a supplemental appropriation and end up with entitlement legislation in the area of, say, agriculture and unemployment, a tax provision or two, and some authorization language. This may be done at the request, and with the support, of the affected committees and may be supported by the Leadership. If Congress is to have a system in which the onus is on a committee to live within its budget allocation, as we think it should, then the Congress needs to know how to treat such complicated parliamentary situations. At this point, we think Congress should retain enough flexibility in the Budget Act to address issues which may not have been specifically addressed in the budget resolution or which arise due to changed circumstances.

(E) H.R. 5247 makes many "technical" improvements, particularly in the area of procedural enforcement. Their importance should not be dismissed. In many respects, certain provisions of the Budget Act have resulted in the need for technical waivers of the Budget Act. This is mainly due to the fact that the Budget Act points of order apply to the introduced version of a bill, as well as to amendments. Therefore, even if a committee complied with the Budget Act in its reported version of a bill, the Budget Act would still have to be waived before the House could consider the bill and ultimately the commmittee amendment. Simplifying provisions and clarifying definitions, as the bill would do, is a valuable goal. These so-called technical improvements may do more to facilitate the process than more innovative provisions, and are worth enacting even if all else is deleted. Yet there remain in the bill some faulty or confusing definitions, and other opportunities to perfect the process were missed.

The following provisions raise particular concern as to their impact on the smooth operation of the budget process, which was one of the Task Force's primary goals.

MANDATORY REFERRAL

H.R. 5247 provides for the automatic referral to the Committee on Rules for five calendar days, excluding any day in which the House is not in session, of any budget resolution which contains a procedure modifying House rules. (New section 301(a)). As the Task Force report states, this referral would be mandatory unless the Committee on Rules waives its right to referral under this provision. Institutionally, we do not support the concept of mandatory referrals. Currently, the only mandatory referral provision under House rules is the referral to the Committee on Appropriations of entitlement legislation which exceeds the reporting committee's new entitlement authority allocation pursuant to the most recently ageed-to budget resolution. This procedure was incorporated into House rules by the Congressional Budget Act of 1974. Most parties involved with the operation of this procedure agree that a referral procedure within the discretionary authority of the Speaker would be more efficient and consistent with House rules and precedents. In fact, H.R. 5247 repeals the provision of the Budget Act requiring referral to the Appropriations Committee.

Specifically, we do not support mandatory referrals of all budget resolutions which contain procedures modifying House rules. If a reported budget resolution contains procedures within the parameters of the Congressional Budget Act and is therefore privileged under House rules then such resolution should not be subject to mandatory referral, or even discretionary referral. Past procedures contained in budget resolutions which meet this test include reconciliation instructions for one fiscal year only, deferred enrollment, and an automatic second budget resolution. Procedures such as points of order against credit legislation would not meet this test under the existing Budget Act.

Based on the history of sequential referrals of budget resolutions to the Commmittee on Rules, we do not see what constructive purpose such referrals serve. For instance, in its development of the First Concurrent Resolution on the Budget for Fiscal Year 1985, the Committee on the Budget worked closely with the Democratic leadership and affected committee chairmen in order to coordinate the policies contained in the resolution. However, in its report pursuant to a sequential referral, the Committee on Rules chose to criticize the consensus resolution and to specifically oppose certain procedures and policies it contained, and to inaccurately characterize and describe the history and purpose of special procedures included in previous budget resolutions. The committee proposed no amendments or suggestions to address the provisions to which it objected.

In conclusion, the process of constructing a budget resolution involves decisions both substantive and procedural in nature. Such decisions require consultation with the affected parties and the support of the Leadership. In view of the close connection between the substance of a budget resolution and the implementing procedures, it is desirable that these decisions be initially resolved by a single committee, subject to modification by floor amendment. Changes in substance may require changes in budget enforcement procedures; consequently if procedures in the budget resolution are consistent with the Budget Act and its "elastic clause," then no referral, either mandatory or discretionary, is desirable.

SEPARATE VOTE ON DIFFERENT PROCEDURES IN A CONFERENCE REPORT

H.R. 5247 includes a complicated provision which could require a separate vote on any procedure in a conference report which is different from any contained in the House-passed version (new section 305(a)).

The proposal for separate votes on procedural matters in a conference report is in our opinion unwise. Had this requirement been in effect for fiscal year 1984 the provision for a reserve fund would have been subject to a separate vote in the House even though it was germane. It is conceivable that the reserve fund provision could have been knocked out of the conference report thereby jeopardizing passage of the conference report. Such a procedure would limit the flexibility of the House in conference with the Senate and make it more difficult to reach a compromise on the budget. It also would violate the principle that a conference report is not subject to amendment. The procedure itself is long and complicated: it has been drafted to apply to a conference report in agreement, or to motions between the Houses in the case of a conference report in technical disagreement, or even to germane modifications in a House amendment to a Senate amendment (after the conference stage).

The procedure would be triggered by even a slight modification in language contained in the original House-passed version, even if such change is not substantive but rather a drafting modification to assure compatibility with Senate procedures.

This new procedure would, in effect, put the House in the position of being unable to compromise on provisions in the budget resolution with the Senate. Further, if such a separate vote could be demanded for a new or modified budget procedure in a resolution, then the argument could be made that a separate vote should be allowed for even more crucial "substantive" matters in the resolution.

It is not clear why this critical change in House rules and precedents is being proposed. In recent budget conferences, any acceptance, modification, or rejection of a Senate procedural provision has been discussed by the conferees in conference. Any major changes from the House position have also been discussed with the Leadership and affected committees before completion of the conference.

Last year's experience with the reserve fund is a good example of the complications which could arise under this procedure. The conferees reported back in technical disagreement with an agreement that a motion would be offered to recede and concur in the Senate amendment with a germane amendment adding a new procedure not in either Houses' version (the reserve fund) and also modifying original provisions contained in the House-passed version. Under the proposed bill any of those provisions would have been subject to a separate and distinct vote in the House upon the demand of any member. Therefore, the reserve fund, deferred enrollment, the automatic second budget resolution, and reconciliation could have been subject to separate votes in the House. Assuming any part of the agreement had been rejected, the entire agreement would be considered as rejected thus requiring the development of an entirely new agreement either in conference or through amendments between the Houses. Opening up the entire conference report in such a manner could lead to games playing by a "minority" of members and thwarting the overall agreements reached by the House and Senate on the resolution. This is a dramatic change in House rules which currently only address provisions which would not have been in order in the House at all or which are beyond the scope of differences committed to conference.

CBO DIRECTOR

H.R. 5247 would provide that the Speaker (and President pro tempore) would appoint a new CBO Director based upon recommendations of all committees. (Title III, section 302(a)).

The current practice of the Budget Committees advising the Speaker and President pro tempore has worked well in the two instances it has been used. The first CBO director, Dr. Alice Rivlin, is credited with establishing a respected, independent budget office for Congress. And Dr. Rudolph Penner, the current director, is guiding the CBO in a similar manner. The proposed change could result in the CBO being less responsive to the committees which oversee its functions, the Budget Committees. It could also result in the CBO being under more pressure from the committees whose legislation the CBO must independently analyze for its budget impact.

TAX EXPENDITURES

H.R. 5247 aims at controlling tax expenditures in the following manner. It includes "tax expenditure change" (not total tax expenditures) as an element of the budget resolution; subjects this new element to allocation, points or order, and reconciliation; requires CBO preparation of a list of current tax expenditures by each February; and "urges" the Budget Committee "to experiment" with different approaches to trade-offs between spending, tax expenditures and credit activities within each functional category.

In addition to long-standing concerns about the current state of the art of categorizing and estimating tax expenditures (in spite of attempts to downplay these problems in the report), there are a number of questions this proposal raises. In our opinion, using the budget process to indicate the type of revenue legislation desired, not just the amount, does not seem to square with one of H.R. 5247's principal charges, i.e., to streamline and reduce the controversy surrounding the budget process. Since there is only one House Committee with jurisdiction over revenues, the complexities and trade-offs of the process may not be as pronounced as it is with spending which involves many committees. Similarly, any binding revenue limit affects only one committee's discretion and jurisdiction.

In calling for a specific amount of revenues to be raised by tax expenditure reduction, the Budget Committee would clearly be dictating to the Ways and Means Committee the mix of any required revenue change. The budget process would be the vehicle indicating congressional preference for one way of increasing revenues as opposed to another. It would require much greater specificity by the Budget Committee on tax policy than does the existing process. While it is true that some large tax expenditures may have a macroeconomic impact and are a component of fiscal policy, we do not believe it necessarily follows that the budget process should be used to determine whether a tax expenditure reduction is economically preferable to an increase in excise taxes or a surtax, much less how much of any tax package should be allocated to tax expenditure reforms.

Even if we feel that such targeting is a useful or legitimate way to influence tax policy, it should not initially be enforced by a point of order. An advisory approach similar to that followed for the credit budget in the last three fiscal years, which establishes a target for Congress, would be preferable. That way Congress could assess the impact of such changes, and modify the procedure if necessary, before sanctions would apply. It may not be advisable to reduce the roles of the Treasury Department and the Joint Tax Committee to that of secondary advisors to CBO on tax expenditures since, in addition to differences between Treasury and the Joint Tax Committee, there have also been differences between the Joint Tax Committee and the CBO on the classification of tax expenditures.

Finally, in calling for an experiment to encourage committee trade-offs between tax expenditures, spending and credit activities within each function, the Ways and Means Committee effectively is being asked to "share jurisdiction" over tax expenditures with other legislative committees. If the legislation is meant to be more than an exhortation, then it could be activating a major power shift between committees, with the Budget Committee being asked to function as mediator.

MEMBERS USERS GROUP

H.R. 5247 would require that the Speaker, in consultation with the Minority Leader, appoint a group of members to review scorekeeping rules and budget enforcement issues and to advise him periodically on those issues. The bill further provides that estimates by the Budget Committee as to the current level of spending and revenues shall be made in accordance with such scorekeeping rules and practices. The Task Force report states that the purpose of this group is to help resolve differences among committees in the development and implementation of scorekeeping rules. It also states that this "review mechanism" is important to resolve any disputes that may stem from scorekeeping rules and any points of order which may be triggered under the Budget Act.

It is not entirely clear what role this Members Users Group would serve. Would they advise the Speaker as to whether a point of order lies pursuant to the Budget Act? If there were a split of opinion within the group as to a scorekeeping practice, whose interpretation would govern?

We do not think it advisable for such a group of committee chairmen or their representatives to be the arbiters on matters of procedure which could effect the consideration of their substantive measures. Objectivity is the key to successful enforcement of the budget.

We think it is preferable that one single entity be recognized as the authoritative decision-maker on matters of budget procedure in order to avoid disputes over procedures which involve the jurisdictions of many standing committees. In our opinion, it is the Speaker, acting with the advice and counsel of the House Parliamentarian, who should act as the final interpreter of the rules.

We are not sure that a group of members, or any group, should influence the Speaker as to the interpretations of House rules and the application of points of order under those rules.

AUTHORIZATION PROCESS

The Task Force spent some time studying the historical trend of annual authorizations and its contribution to the growing problem of late reported authorizations resulting in a delay in the appropriations process. The intent of the May 15 reporting deadline for authorizing legislation in the Budget Act was to require Congress to consider its authorizations prior to the appropriations process in the summer.

H.R. 5247 addresses the problem of late authorizations by "urging" committees to report multi-year authorizations and eliminating the May 15 reporting deadline. The theory is that the June 10 deadline for reporting appropriations will put the onus on authorizing committees to act early. Presumably, the Rules Committee will use Rule XXI (prohibiting appropriations in the absence of an authorization) as leverage to encourage early reporting of authorizations by granting waivers to the Appropriations bills. In current practice, Rule XXI is waived frequently; thus its effectiveness as a sanction or incentive is questionable.

In general, the bill misses the opportunity to address firmly the problems in the authorization process despite the strong support for change expressed by the task force members on this issue. There was great interest in the Task Force in moving towards multi-year authorizations as a means to address this problem.

CONSIDERATION UNDER SUSPENSION OF THE RULES

H.R. 5247 would amend House rules to prohibit the consideration under suspension of the rules of any bill providing new budget authority, new credit authority, or new entitlement authority in excess of $10 million or increasing or decreasing tax expenditures by more than $10 million. It would also prohibit certain legislation from being considered under suspension of the rules regardless of its costs (contract authority, borrowing authority, monetary credits).

Although the suspension procedure generally should not be used for bills with large budgetary impact, the existing safeguards of Steering and Policy Committee review and Budget Committee input usually have worked well. It may be desirable to allow certain bills to be considered under suspension because of their noncontroversial nature and the desire to save floor time for other legislation. This is a decision which the leadership should make in conjunction with the caucus rules, the affected committees, and the minority leadership.

OUTLAY SCOREKEEPING

H.R. 5247 controls outlays indirectly through controls on budget, entitlement, and credit authority, similar to present sanctions. This may be a reasonable approach. But the bill also diminishes Congress' ability to keep track of outlays and make comparisons.

Presently, outlays associated with "discretionary action" are allocated and subdivided, so we can compare the outlays in a bill with a subcommittee's outlay target. The bill removes outlays from the control allocations; therefore, after an allocation is subdivided, it will be impossible to compare outlays in a bill with the subcommittee's subdivision, since the subdivision will not even contain a nonbinding outlay target. Yet such a comparison is essential in determining how Congress is proceeding with respect to control of the budget deficit which remains the critical macroeconomic variable of fiscal policy.

In summary, we commend the Task Force for its extensive and thoughtful review of the congressional budget process. We hope that the Committee on Rules in its further consideration of H.R. 5247 will address the concerns that we have raised and that the final product receives broad support in the House and Senate.

James R. Jones.
Leon E. Panetta.

ADDITIONAL VIEWS OF HON. LEON E. PANETTA

The Rules Committee Task Force on the Budget Process, under the leadership of its chairman, Representative Tony Beilenson, has put together a comprehensive budget process reform bill that more than anything else is a vote of confidence for the congressional budget process. Despite the stresses and strains faced by the process over the past few years, despite the claims by many outside and inside Congress that the process is a failure or a joke, the Task Force, after two years of hearings, discussion and debate, has proposed legislation that does not gut the process, but, instead, makes it stronger.

It is gratifying for those of us who support the budget process to see a group of members from an array of House Committees consider a variety of reforms—everthing from abolishing the process to requiring an omnibus budget/appropriations bill—and to report legislation making changes in the process while preserving the basic procedures and enforcement mechanisms enacted by Congress as part of the Congressional Budget and Impoundment Control Act of 1974.

At the time the Rules Committee Task Force was established, the atmosphere was ripe for major, perhaps even destructive, changes in the process. In 1981 and 1982 budget resolutions proposed by the minority party passed the House in close votes. This, not surprisingly, caused a great deal of resentment in the majority party, and in frustration many attacked the budget process as the problem.

The process hit a low point during reconciliation in 1981, when the work of 14 House committees was thrown out and replaced with a hastily drafted, 800-page bill, the contents of which were a complete mystery to the House of Representatives. Conference with the Senate on the reconciliation bill allowed the House to cure most of the mistakes in drafting and to temper some of the more damaging budget cuts contained in the measure, but the bitter memory of a last minute substitute completely bypassing the legislative process was not so easily cured.

These experiences heaped on top of the normal tensions between committees engendered by the 1974 Act led to fears that any group examining the process with an eye toward reform would seek to abolish it, or at least to considerably weaken the process. That the Rules Committee Task Force product actually seeks to strengthen the process shows that short term political difficulties can be put aside, and that we can be farsighted enough to recognize the value of the process and the need to preserve it without major changes. The budget process is not perfect, this Task Force bill shows that it can be modified and improved. But the Task Force product, by leaving intact existing procedures and enforcement tools, also shows that the budget process we now have in place is sound, effective and essential if we are to achieve our fiscal policy goals.

The Task Force report addresses each of the proposed reforms in great detail. The following are my views on a number of the proposed changes:

RESCHEDULING OF BUDGET ACTION

The Task Force proposal sets out a reasonable, common sense schedule for budget action throughout the legislative year. It calls for the House to convene on January 3, for the president to submit his budget within a week thereafter, for the committees to submit their views and estimates to the Budget Committee by February 25, and for the adoption of the budget resolution by April 15. Appropriation bills are to be reported by June 10, and the July 4 recess is set as a target date for passage of these bills and reconciliation legislation.

Over the past six years we have had great difficulties completing our budget work before the beginning of the fiscal year. The following shows, since 1978, the number of appropriation bills we have passed before the beginning of the fiscal year.

Fiscal year:	
1979	5
1980	3
1981	2
1982	1
1983	1
1984	4

To better our record in this area it is essential for the House to begin work earlier on authorization bills and the budget resolution, and to clear the deck for work on appropriation bills by June. The schedule set out in the Rules Committee bill is achievable. During the last two years the House has completed action on its budget resolution by March 23 and March 31 respectively. Unfortunately the Senate has been tardy both years in passing its budget resolutions. In 1983 we were left with a June 23 date for final passage. This year we are still waiting for the Senate to begin floor action on its fiscal year 1985 budget resolution.

The real pressure for changes in the budget schedule was the performance of Congress in 1981, when reconciliation was not finished until August 13, and in 1982, when we did not pass a budget resolution until June 22. This meant action on authorization bills and appropriation bills was backed up, and we ended both years with massive continuing resolutions, including an October 1 standoff between the President and Congress in 1981, which resulted in the federal government being shut down for a day.

Obviously there is no way to force Congress to organize early and to get its budget work done on time. Even so, I hope we make every attempt in the House to follow the schedule set out in H.R. 5247.

SINGLE BINDING RESOLUTION/STRONGER ENFORCEMENT

I am pleased that the Task Force report recognizes that Congress has moved its focus from the two budget resolutions per year envisioned by the Congressional Budget Act to one budget resolution per year. I also believe the stronger enforcement procedures linked to the first budget resolution—immediate points of order against any legislation breaching the aggregate spending ceiling/revenue floor unless that legislation is within the committee's discretionary allocation or the discretionary allocation given each committee—are essential.

During the past three years, delay in passage of appropriation bills and the size of federal deficits have made it very difficult to adopt a second budget resolution late in the year. Consequently, the real fight over budget priorities is now taking place in the spring during debate on the first budget resolution. The Task Force bill recognizes this reality and proposes a single binding budget resolution to be passed by April 15.

Once the budget resolution is passed we need the appropriate enforcement tools to ensure that its spending and revenue goals are implemented. The Task Force bill provides all the necessary tools—reconciliation, points of order against any bill breaching the spending ceiling or revenue floor with exception noted above, and points of order against any bill breaching a committee's discretionary spending allocation. Under the current process the spending ceiling/revenue floor point of order does not go into effect until a second budget resolution is passed, and there is no point of order against a bill which breaches a committee's spending allocation.

TWO-YEAR BUDGET

A two-year budget, specifically my proposal (H.R. 750) to place Congress on a two-year budget schedule, was one of the four major budget process reform options considered by the Task Force during its deliberations. Under my legislation the first year would be used for oversight by committees and work on authorization bills, early in the second year a first budget resolution and authorization bills would be passed, and the rest of the year would be spent working on appropriation bills.

The key to the two-year budget is the six-month period set aside at the beginning of the two-year period for oversight. This is a responsibility that is often overlooked by committees, but I believe it must be carried out if we are going to have a leaner, more effective federal budget. Under the current one-year process we jump into formulation of a budget practically the first week we arrive back from the Christmas break. There is too little time to investigate which programs are working and which are not, and little thought is given to long range strategies for dealing with budget problems.

I feel that over the long term we must move toward two-year budgeting. The Task Force gave the two-year budget approach a fair hearing and has recommended a first step toward a two-year budget—multi-year authorizations. I hope that the authorizing committees take this recommendation to heart and act to change annual authorizations to a multi-year schedule. I also hope we can begin looking at the next logical step toward two-year budgeting: multi-year appropriations.

RECONCILIATION

The proposals for reconciliation contained in the Task Force bill basically reflect the way that process has evolved over the past five years, and seeks to put into law some of the reforms we have tried to implement since the troubling reconciliation experience in 1981. That year there were two major problems with the way reconciliation was implemented. First authorizations were reconciled. This confused the jurisdictional responsibilities of the appropriation and authorization committees, put the Congress in the position of voting twice on certain programs cuts, and led to substantial technical problems. For the past three years we have been successful in excluding authorizations from reconciliation, and the Task Force bill seeks to formalize this practice by prohibiting reconciliation of authorizations.

As for the massive substitute passed at the last moment, the memory of that experience should help deter anything similar happening in the future, although it is clear that certain procedural abuses are always possible when support by a majority of House members exists.

The Task Force proposal also amends the Act to explicitly allow reconciliation in the first budget resolution. Although the Budget Act provides for reconciliation following the second budget resolution, Congress has found it necessary to use reconciliation in the first budget resolution during the past four years, so the Task Force bill implements the current practice. H.R. 5247 also allows the Rules Committee to make in order amendments to a reconcilation bill if the spending or revenue targets have not been met (again, this restates current practice—the Budget Committee has sought, and the Rules Committee has granted, amendments to a reconcilation bill twice in the last four years), and it sets a deadline for completion of reconciliation in the House—Independence Day.

CREDIT BUDGET

Federal involvement in direct lending and guaranteed loans has a substantial impact on federal expenditures and on credit markets. Since 1981, when the president first submitted a credit budget to Congress, the House Budget Committee has included in its resolution an advisory credit budget—aggregate credit ceilings and functional breakdowns, but no enforcement of these levels. In the past three years the Budget Committee has developed a technical expertise in credit budget scorekeeping procedures, and in my view is time for the Congress to formally incorporate the credit budget into our budget resolutions.

Under H.R. 5247, aggregate and functional levels of direct loan obligations and loan guarantee sums would be included in the resolution, and these credit programs would be subject to the same controls as spending i.e. 311(a) point of order against any program breaching the credit ceilings (with an exception for committees which are within their 302(a) discretionary allocations) and a point of order against any program breaching a committee's 302(a) discretionary allocation for credit.

The enormous contribution made by Representative Mineta in this area should not go unrecognized. As a member of the House

Budget Committee he developed credit budget legislation, and he has been an effective advocate of making the credit budget part of the budget process. His tireless efforts at educating members to the need for a credit budget have borne fruit in the proposals contained in H.R. 5247.

AREAS FOR FURTHER REVIEW

While I support the vast majority of the proposals contained in H.R. 5247, there are a number of areas that deserve a closer look as it goes to the Rules Committee for more formal consideration. Below are four areas that deserve special attention.

SEPARATE VOTES ON PROCEDURES IN CONFERENCE REPORT

The Task Force bill provides for a separate vote on any procedure contained in a budget resolution conference report which was not included in the House-passed resolution. I feel the better approach is more communication during the conference between the Budget Committee conferees, House leadership, and the committee chairmen affected by the procedures to ensure that whatever procedures are agreed to in conference are acceptable.

A separate vote on the conference report violates the longstanding principle that a conference report is not subject to amendment, and it could make the already difficult task of reaching a compromise with the other body even tougher. It makes no sense to raise another hurdle to passage of a budget resolution conference agreement when procedures contained in the conference report have not been a problem in the past.

TAX EXPENDITURES AS PART OF THE BUDGET RESOLUTION

The Task Force bill proposes that an aggregate level be set in the budget resolution for tax expenditures, that such expenditures be allocated by committee, and that tax expenditure levels be treated for enforcement purposes the same way spending is treated—new tax expenditures would be subject to points of order if they are over the allocated levels and tax expenditures would be subject to reconciliation.

I feel strongly that we should take one step at a time in the tax expenditure area, and that the first step must be to treat tax expenditures as we have treated the credit budget for the past three years. Instead of moving to a fully incorporate tax expenditure levels in the budget resolution we should be experimenting with nonbinding tax expenditure aggregates and allocations to the tax committees, as we have done for the past three years with the credit budget. This would allow the technical and definitional problems associated with the tax expenditure area to be worked out, and it will give members time to adjust to the implications of tax expenditures as part of the congressional budget process.

OUTLAY SCOREKEEPING

H.R. 5247 keys enforcement of the aggregate and committee spending ceilings on budget authority. Outlays are exempted from the 311(a) point of order (based on the spending ceiling) and the point of order against legislation that breaches a committee's 302(a) allocation. I think it is a mistake to ignore outlays in this manner.

Granted, it is often difficult to estimate what spending will result from a certain level of budget authority, but whether we like it or not outlays determine the federal deficit, and the federal deficit is the major focus of the budget process and the Congress. We should not let the technical problems associated with measuring outlays lead us to abandon our effort to monitor and control this type of spending. I hope the Rules Committee will reconsider those portions of H.R. 5247 abolishing enforcement of outlay ceilings, whether they be aggregate or committee ceilings.

USERS' GROUP

The Task Force proposes a Member User Group, with membership determined by the Speaker in consultation with the minority leader. The duties of this group would be to advise the Speaker on issues that may develop during the implementation of the budget resolution.

I prefer continuation of the Users' Group format we have followed for the past year in the House. In my role as chairman of the Budget Committee's Task Force on the Budget Process, I organized a Users' Group in April of 1983 made up of staff representatives from the Speaker's office, the Minority leader's office, CBO and various House Committees, including Appropriations, Ways and Means, Education and Labor, Energy and Commerce and Public Works. We have met regularly and tackled issues arising from scorekeeping procedures, the setting of current level, and enforcement provisions contained in the budget resolutions, to name a few. I feel the Users' Group has worked well, improving communication between the committees and smoothing the way for budget bills considered throughout the year.

Nothing in my experience over the past year has persuaded me that the User Group envisioned by H.R. 5247 would be superior to the group already operating.

SUMMARY

Because the budget process is often the bearer of bad news—shortfalls in revenues, alarming growth in spending programs and massive projected deficits—and because it forces members to make tough choices—cuts in entitlement programs, restraint in defense spending and tax increases—it is always going to be the subject of intense criticism and attacks from all parts of the political spectrum.

Certainly the past three years have been tough ones for the process. Two hundred billion dollar deficits, a heated political climate, the worst recession since WWII and procedural abuses have caused many to conclude that the Congress would be better served if the process were eliminated. Nothing could be further from the truth. Without the process we would be thrown back into the dark ages of pre-1974 budgeting, when spending and tax bills were considered in a vaccum—no budget resolution served to frame the debate on priorities and the impact of legislation on the deficit was often unknown. Indeed, the need for the budget process grows as the budget problems become more critical. It is impossible to imagine how Congress is going to address the problem of $200 billion deficits projected for the rest of this decade without the basic deficit reduction tools provided for in the congressional budget process—reconciliation, spending ceilings and revenue floors.

The Task Force has recognized the need for a strong budget process, and the legislation it has developed is a positive step in the right direction. There is no doubt that this bill is a standard for budget process reform against which all other bills in this area will be judged.

Finally, I want to emphasize the excellent job done by Tony Beilenson as chairman of the Task Force. He was able to boil down literally hundreds of different proposals into one package of budget process reforms, and he conducted the business of the Task Force with persistence and intelligence.

The final effort by the Chairman and the Task Force must be to ensure that the final product enjoys broad bipartisan support. It would be difficult, if not impossible, to pass a major change in the budget process on a partisan basis. Surely, even if successful on the House side, it would be defeated by the Senate. The key now is to reach out to the leadership of both parties to gain their support, make whatever revisions are necessary, and establish a broad consensus behind this bill and behind the budget process.

ADDITIONAL VIEWS OF HON. ROBERT A. ROE AND HON. AL SWIFT

We welcome the opportunity to share our views, and those of Chairman Dingell, Ford, Howard, Perkins, St Germain and Udall on this important piece of legislation.

It was over two years ago that the Task Force on the Budget Process of the House Committee on Rules began its deliberations on the congressional budget process. At that time, we believed this action was proper and necessary, and we hoped the long-term results would benefit both the budget and the legislative processes.

Given the varying experiences of the first eight years of the budget process, we supported the belief that the time had come to make it more useful within the context of the overall legislative process. We applauded the decision by the Rules Committee to undertake this review. Not only is the Rules Committee the committee of original jurisdiction over the Budget Act, but it sits in a unique position in the House as guardian of the legislative process. As such, it has both a duty and a right to ensure the integrity and credibility of that process in terms of how Congress functions as a legislative institution.

Knowing of the concerns shared by many regarding the workings of the current budget process and having confidence in the Rules Committee as an objective and qualified arbitrator, we entered the review process with high hopes and expectations. Unfortunately, the culmination of the last two year's efforts as witnessed by the recommendations contained in H.R. 5247 has left us disappointed.

H.R. 5247 does not solve the institutional problems which have evolved since adoption of the Budget Act. H.R. 5247 does not create a budget process which will control Federal spending.

In July 1974, when the Congressional Budget and Impoundment Control Act was adopted, the Congress declared that it was essential:

> (1) to assure effective congressional control over the budgetary process;
>
> (2) to provide for the congressional determination each year of the appropriate level of Federal revenues and expenditures;
>
> (3) to provide a system of impoundment control;
>
> (4) to establish national budget priorities; and
>
> (5) to provide for the furnishing of information by the executive branch in a manner that would assist the congress in discharging its duties.

To achieve these reforms, Congress chose to consolidate major economic and budget decisions in a single measure—the budget resolution. Budget resolutions are, however, "illusionary animals." They require a vote for adoption but do not have the force and effect of law. They are promises Congress makes to itself, but without binding Members on appropriations votes.

The Act can be used, as it has been by the current Administration, to create a facade that budgeting is taking place while putting no restrictions on Federal spending. As a result, the Administration, with consent of Congress, has had the luxury of preaching "good budgeting" while engaging in spending habits which will bankrupt the country.

In addition, this illusory process consumes a disproportionate amount of time while it duplicates the efforts of the other standing committees. Duplication takes place when the Budget Committee establishes spending levels for programs in creating budget resolutions. Duplication takes place in forcing the House and Senate to adopt budget resolutions. Both functions are carried out within the authorization and appropriation process. As such, the budget process has become more than the advisory function it was originally intended to be. It has become another layer of legislation, creating confusion, consuming time, and creating distractions from the real funding decisions which must be made.

What we have done over the past decade is create a budget process that is so complex it is incomprehensible to almost everyone. Most of the Members do not understand it beyond a superficial level. The press does not understand it. The business community does not understand it. The financial community does not understand it. And, most important of all, the general public does not understand it.

We have written a prescription for a process which we cannot control. That we do not control it is evidenced by the growth of so-called off-budget spending, the growth of tax expenditures and the dramatic growth of the Federal deficit.

Coupled with this is the enormous amount of conflict within Congress that the budget process has generated owing to unilateral decision-making, lack of consultation and communication and general lack of appreciation for and understanding of the legislative process.

The only way to address these issues is to change the Budget Act. Unfortunatley, the changes included in H.R. 5247, only exacerbate the existing problems in the current process. Some of the recommendations are unrealistic because the necessary information simply does not exist. Some of the recommendations reduce drastically the flexibility of the Leadership to move legislation. Overall, H.R. 5247 shifts more power to small coalitions, making it even more difficult than it is currently for the majority of the Members of Congress to prevail. We would make the following points with regard to specific provisions of H.R. 5247.

(1) Sec. 301(a), as amended, would require a three-year budget resolution. The history of the process to date demonstrates clearly the difficulty of deciding spending levels which are credible and achievable for the ensuing fiscal year. Including the subsequent two years is unrealistic. This approach encourages "sham budgeting" and a level of frightened retoric. It will not help Congress set better policy. Recognizing this, we recommend inclusion of outyear numbers in the report accompanying the resolution or, if inclusion in the resolution is deemed critical, as projections pursuant to current practice.

(2) Sec. 301(a), as amended, would require the budget resolution to include aggregate and functional numbers for direct loan obligations and primary loan guarantee commitments. Although this is philosophically appealing, the information detailing what programs would be affected is unavailable. We recommend treating credit activities in the same manner as multiyear funding above.

(3) Sec. 301(b)(3) would retain the so-called "elastic clause" of the budget process. This provision is of great concern to us. The elastic clause has been used, in our opinion, to subvert not only the original intent of the Budget Act but also the normal functioning of the legislative process. It is interesting to note that the Rules Committee is also concerned about the use of the clause. In its report accompanying the resolution providing for consideration of the First Budget Resolution for FY 85, the Rules Committee took issue with inclusion of certain language under the ambit of the elastic clause. It is inconsistent that H.R. 5247 proposes to retain the clause. We recommend repeal of the elastic clause on the theory that once the budget process has been revised, any deviation from that process should be approved by the Rules Committee. To retain an "elastic clause" for emergency situation is, in our opinion, living in a dream world which fails to recognize that every year, for whatever reason, some "emergency" will surface during formulation of a budget resolution.

(4) Sec. 301(c), as amended, provides for sequential referral of a budget resolution to the Rules Committee. Absent repeal of the elastic clause, we support this provision. We call attention, however, to the language which limits this "to the effect of changing any rule." Our concern is with procedures which are "brand new" and, therefore, might not, technically, affect existing House rules. We recommend tightening up the language.

(5) Sec. 301(e), as amended, lists matters to be included in the report accompanying the budget resolution. We recommend that the report also include "an explanation of difference between the Budget Committee's recommendations and the views and estimates of the standing committees of its House." Over the last few years, the Views and Estimates Report has been particularly burdensome due to the specificity of detail which is required, the lateness at times of the President's budget submission, the delay in receipt of guidelines from the Budget Committee, etc. The systematic trend away from a macroeconomic approach in these reports, their overall utility, or lack thereof, and the accountability of the Budget Committee regarding their ultimate treatment have all been issues of concern. Our recommendation is consistent with the formulation of the Budget Act. S. 1541, as passed by the Senate, would have required the Budget Committees to publish as part of their report on the first budget resolution the views and estimates submitted by legislative committee, and to explain their actions with respect to these. This requirement was removed in conference.

(6) Sec. 302(b)(2), as amended, provides for committee allocations of budget resolution totals. However, it exempts revenues and tax expenditures. We oppose this exception, especially at a time when revenue increases and tax expenditures are major deficit and budget process concerns.

(7) Sec. 302(c), as amended, makes filing of Sec. 302(b) reports mandatory prior to consideration of spending bills on the floor. We oppose this provision. It unduly constrains the Leadership's ability to schedule legislation. Rather, we support the existing practice which requires filing of reports "as soon as practicable" with monitoring by the Leadership of those committees which fail to do so.

(8) Sec. 303(a), as amended, provides for a point of order against credit legislation considered prior to adoption of the budget resolution. We oppose this for the reasons enumerated in (2) above.

(9) Sec. 305(c), as amended, contains provisions relative to consideration of procedural matters which are included in conference reports on the budget resolution. We strongly support this change. In the past, actions of conference committees on budget resolutions have run afoul of the budget and legislative processes (i.e., "reserve fund"). At the same time, however, this provision must be tightened for the same reasons discussed in (4) above.

(10) Sec. 308(2), as amended, requires cost estimates on conference reports, While we support this idea, we believe the requirement should be modeled after the existing Sec. 403 provision which requires that cost estimates be included "to the extent practicable." Otherwise, the timing of many important conference agreements could be jeopardized.

(11) Section 310, as amended, broadens the scope of the existing reconciliation process while institutionalizing inclusion of three-year reconciliation directives in the budget resolution. We oppose these changes.

In formulating the Budget Act, the reconciliation concept was suggested by Charles Schultz, who proposed that Congress "use the same method for finalizing its budget as is used by the Executive Branch." The legislative history clearly indicates that the procedure was never intended, nor structured, to address the issue of reducing Federal spending or reforming entitlement programs. It was designed only to implement the intent of the second, or final, budget resolution for the upcoming fiscal year by bringing spending in line with the budget ceilings for that particular year. It was not until Fiscal Year 1981 that the concept of reconciliation as a means to control spending started to emerge. Now we are faced with the idea that reconciliation should be applied not only to the next year, but the next three years. The argument has been made that in these unprecedented economic times, reconciliation is necessary. However, if Congress really wants to get a handle on uncontrollable Federal spending, then serious consideration should be given to formulation of some process other than reconciliation as we now know it. As it now works, reconciliation cannot insure this result. By extending reconciliation to more than one year, prior to consideration of the budget resolutions for those years, H.R. 5247 does violence to the intent of the Budget Act and robs Congress of the flexibility it must have if Federal spending is to be controlled and sound fiscal policy achieved.

(12) Sec. 312, as amended, provides for a point of order against legislation which violates a committee's total allocation. While we support on the concept that each committee should be responsible for its part of the budget, we oppose the scoring of committee action over a three-year period. Not only is the proposed language

unclear so as to give rise to differing interpretations, but its application needlessly imposes upon the prerogatives of the legislative process.

(13) Sec. 401(b)-(d), as amended, requires certain new spending authority to be subject to the appropriations process. This includes "proprietary offsetting receipts" and "revolving fund payments." While we recognize the need to ensure congressional review of spending initiatives, we find inclusion of this new provision confusing and misleading. Nowhere in the bill is the term "proprietary offsetting receipts" defined and nowehere is there a listing of the type of programs which would be affected by this proposed change. In addition, there may be legitimate reasons why these types of programs should not be subject to the annual appropriations process.

(14) Sec. 402(b), as amended, defines credit authority. As noted previously, we oppose inclusion of controls on legislation providing new credit authority (sec. 402(1), as amended) until it is clearly understood what existing and new programs would be affected.

(15) Sec. 405, as amended, provides for a GAO study of direct spending programs. While we support this, we take issue with the fact that it does not also require a study of permanent appropriated programs and the advisability and feasibility of an automatic continuing resolution. Certainly these too are issues of real concern to the Congress, and the language should be revised to include them.

(16) Sec. 407, as amended, provides for the establishment of a member user group. While we support this and the intent that the group review "budgetary scorekeeping rules," we note that H.R. 5247 does not require the formulation of such rules. We recommend that language be included requiring the Committee on the Budget and the Committee on Appropriations to develop jointly uniform rules of budget scorekeeping for each Congress by March 1 of the first session. In developing and reviewing such rules, these committees should be required to consult with other interested committees of the House and the Director of the Congressional Budget Office.

(17) Sec. 310, as amended, limits use of the Suspension Calendar. We adamantly oppose this change. First, it removes from the Leadership the flexibility it now has in scheduling legislation of an emergency and/or non-controversial nature. Second, the current suspension process which precludes amendments to carefully drafted legislation would be jeopardized. Third, "spending bills" which have been considered under suspension of the rules in the past have not been in flagrant violation of the budget process. Fourth, under current practice the Budget Committee reviews bills which are to be considered under suspension and advises the Leadership where problems exist.

(18) Sec. 401, as amended, provides for submission of back-up material on the President's budget. While we support this, we recommend that OMB submit such material to the appropriate committee or committees of legislative and spending jurisdiction" in order to ensure that adequate, timely and proper notice is given to the appropriate committee(s).

In addition to these items, H.R. 5247 fails to address the following, which we recommend:

(1) Monetary Policy—Inclusion of language directing the Committee on Banking, Finance and Urban Affairs of the House and the Committee on Banking, Housing, and Urban Affairs of the Senate to report to their respective Budget Committees, at the appropriate time in the budget process, their views on the most recent report of the Board of Governors of the Federal Reserve System under section 2A of the Federal Reserve Act, including any matters relating to monetary policy which they recommend be included, without substantive change, in the budget resolution.

(2) Capital Budgeting—Providing for the establishment of a capital budget as part of the congressional budget process. This would be a logical and necessary extension of H.R. 1244, Federal Capital Investment Program Information Act of 1984, which requires the President's budget to separately identify and summarize the capital investment expenditures of the United States. As part of the congressional budget process, the formulation of a capital budget would be the primary responsibility of the authorizing committee(s) of jurisdiction.

(3) Self-Financed Trust Funds—Exempting from any procedural provision of the congressional budget process 90% self-financed trust funds if, and only if, the proposed spending levels were fully covered by available dedicated revenues. This would alleviate a situation where Congress enacts dedicated user taxes based on certain spending levels, and then in subsequent years the budget process is used as a device to force down the spending levels while leaving the taxes in place. That problem has caused many to resist user fees in any form, further exacerbating our budget problems. This exemption would not take these programs "off budget" and would apply only to the extent these programs were fully self-supporting and therefore were not contributing at all to our deficit problems.

(4) Unauthorized appropriations—Providing for a five-day sequential referral to authorizing committees of that portion of any appropriation bill which funds programs not previously authorized or which authorizes programs.

(5) Consultation and Communication—Mandating at critical stages of the process—pre-March 15, pre-markup, etc.—consultation and communication by the Budget Committee with the other committees of the House regarding matters affecting the legislative process.

One other critical point that H.R. 5247 fails to address is the membership of the Budget Committee. It is the single most important issue to the authorizing committees. As it has evolved, the budget process affects the authorizing committees in major ways, yet we are not adequately represented on the Budget Committee. Some committees which are regularly involved in reconciliation have no representation at all. If it is to work, the authorizing committees must be central to the process, not outsiders struggling to get cooperation from the Budget Committee. Accordingly, we recommend that the membership of the Budget Committee be revised, effective for the 99th Congress, to include one Member from each standing committee, to be designated by the Chairman of that committee, and appropriate number of Members, to be designated by the Speaker, from the Leadership, from the spending and taxing committees, and from the Minority party.

We would now like to turn to a few general comments regarding H. Res. 65, a resolution to improve the budget process within the House of Representatives. That resolution, formulated after extensive analysis and consultation—with a great deal of credit owing to the efforts of Congressman Beilenson—includes important changes to the budget process which, if enacted, would go a long way in alleviating many of the technicalities which that process imposes on the flow of legislation in the House. In the Democratic organizational caucus last December, sense of the caucus language was adopted directing the Rules Committee Budget Process Task Force to proceed expeditiously to its study and review of the budget process and implementation of H. Res. 65. Accordingly, we urge that the full Rules Committee, at the beginning of the next session, move to immediate consideration of H. Res. 65, which many strongly support.

In summary, we believe that H.R. 5247 ignores a fundamental principle which we strongly endorse, i.e., that Budget Act procedural requirements should strike a balance between the legitimate demands of the budget process and the prerogatives of the authorization and appropriation processes. For the past few years the authorizing committees have gone on record in support of a viable budget process within the context of a meaningful legislative process. We believe Congress can have both, but H.R. 5247 does not accomplish that goal.

ADDITIONAL VIEWS OF HON. TIMOTHY J. PENNY

Developing the federal budget each year is one of Congress' most important responsibilities. The Federal budget is the basic statement of this country's priorities. Each budget establishes spending and revenue policies that have effects lasting far beyond the twelve months of the particular fiscal year for which it is adopted. Unfortunately, today there is little or no connection between our budget resolution and the resulting spending and revenue legislation.

No budget process can serve as a substitute for our willingness to make choices between competing priorities. However, H.R. 5247, the legislation recommended by the Rules Committee Task Force on the Budget Process, would make the budget process more real. For that reason, I support it.

The legislation would make several changes in current practice that are particularly important. First, H.R. 5247 contains an expedited timetable for consideration of the budget resolution and the spending and revenue bills that carry out the budget policies. By starting budget deliberations earlier in the fiscal year, it should be possible to give complete consideration to the budget and the appropriations bills before October 1, thus eliminating the need for continuing resolutions.

Second, H.R. 5247 expands the coverage of the budget resolution by including in the budget credit activity, tax expenditures, and off-budget federal entities. All federal financial commitments must be subject to review and control by the budget process. Evidence presented to the Task Force demonstrated that those financial commitments that are not subject to review and control in the budget process grow more rapidly than the rest of the budget.

Third, H.R. 5247 provides for coordination and cooperation between the various participants in the budget process by establishing mechanisms for consultation on scheduling, budget scorekeeping matters and procedural changes.

These three modifications of current practice are important steps toward a more effective budget process. I support these steps. However, in my view, it is just a matter of time before a more comprehensive overhaul of the budget process will be needed, in fact, demanded by the House of Representatives. I think the omnibus budget bill proposed by Representative David R. Obey offers us that comprehensive approach.

Under the omnibus budget bill, all budget legislation (i.e., appropriations, revenues, and any other spending) would be considered in a single package on the basis of a budget plan reported by the Budget Committee. The Congress would not adopt a budget resolution; it would develop a budget. Under the omnibus approach, the budget resolution would encompass the spending and revenue legislation, thereby eliminating the need for intricate systems of control to guarantee that the budget resolution is in fact implemented by subsequent spending and revenue legislation. The Obey proposal is straightforward and all votes are real. There are no votes without immediate consequences for spending and revenues.

Budgets represent choices between competing priorities. A budget process only structures the debate surrounding those choices. I support H.R. 5247 because it clarifies the current budget process and covers more budget categories. But the omnibus budget approach would go a step further by structuring the votes on taxes and spending so the choices would be clear, real, and understandable. H.R. 5247 is an important first step toward a more effective budget process. The omnibus budget approach should be our next step.

ADDITIONAL VIEWS OF HON. DELBERT L. LATTA, HON. TRENT LOTT, HON. RALPH REGULA, HON. TOM LOEFFLER, HON. RICHARD CHENEY, HON. CARL D. PURSELL, HON. JUDD GREGG, AND HON. HAL DAUB

RULES COMMITTEE TASK FORCE ON THE BUDGET PROCESS ADDITIONAL VIEWS

The Task Force on the Budget Process has made an important contribution to the debate surrounding the effectiveness of the congressional budget process. For almost two years the Task Force has been holding hearings, drafting legislation, and serving as a sounding board of Members of Congress as well as those outside the legislative branch who are concerned with having a budget process that works. We commend that task force and its staff for many months of effort.

In the pages that follow we will outline the areas where the task force proposal makes useful recommendations, as well as the areas which merit further study, and those which we believe are simply bad policy. We hope that the Committee on Rules will take the time to integrate the proposals we offer into the package which may finally emerge.

While the bill the Task Foprce has reported represents an effort towards comprehensive budget reform, we cannot support H.R. 5247 as introduced. It has been 10 years since the adoption of the Congressional Budget Act. If this committee proceeds with legislation which changes that Act, we should be certain that what we do will improve our ability to control spending. We should not amend this Act lightly, nor should we enact proposals which, though they may repsond to some short term inadequacies in the process, do not further the goal of enhanced controllability. The overall goal of a congressional budget process is to control spending, not to make it easier to spend.

In evaluating proposals to modify the process, we must ask in each instance, "Will this change help improve control of budget outlays?" We will ask that question on the following pages.

Expanded coverage

The task force bill expands the coverage of the budget resolution in several key areas. Most imprtantly, the bill eliminates the on-budget/off-budget distinction which currently "hides" about $12 billion in annual spending. By bringing all programs on-budget, the task force bill increases budget accountability and integrity. This would also keep the three Social Security Trust funds on budget (Under current law, they are scheduled to be taken off budget in 1992).

The bill also makes the Credit budget an enforceable part of the budget resolution. Aggregate and functional levels of credit commitments will be included in the budget resolution, and will be subject to the same controls as spending. This step is a natural evolution in the history of the credit budget, which for the most part has heretofore been advisory. We fully agree with the concept of controlling federal credit activities, and look forward to working with the committee to achieve perfecting language.

Treatment of tax expenditures

Under this proposal, consideration of "tax expenditures" would be included within the framework of the budget resolution with specific enforcement procedures. Both an overall revenue target and a subtarget reflecting a change in the level of tax expenditures would be included in the aggregate totals of the budget resolution. Reconciliation instructions could require the implementation of these two targets.

An issue of primary importance is raised here. By including only the "change" in the level of tax expenditures rather than any aggregate levels, the process is automatically biased towards raising taxes. Most scrutiny of tax expenditures involves the decision whether to continue a current law tax subsidy or credit. The proposed treatment of tax expenditures in H.R. 5247 prejudices the debate towards changing the levels of tax expenditures rather than focussing on what is their appropriate level. Though we object to inclusion of tax expenditures as proposed here, if it is done it should be consistent with our treatment of spending levels.

In addition, the report on the budget resolution and the conference report itself would include allocations to various committees which would include revenues and tax expenditures. Once the conference report is adopted, it would not be in order to consider any bill or amendment thereto which would decrease revenues or increase tax expenditures in excess of the committee's allocation.

We are aware that the intent of these provisions is to provide more comprehensive coverage under the budget process of matters affecting the federal budget. This objective has resulted in expanded coverage with respect to credit and off-budget activities under this proposal as well. However, we would note that with respect to the treatment of credit, the control and coverage provisions have been fully incorporated into the budget process only after considerable experimentation on a non-binding, advisory basis, to accomodate what were perceived and actual difficulties in implementation.

The potential conceptual, definitional and measurement difficulties associated with the proposed treatment of tax expenditures have been fully documented by the CBO and are greater than those associated with credit activities at the time they were first proposed for greater integration with the budget process. It has taken us over 10 years to fully implement a credit budget.

The enforcement provisions affecting tax expenditures are inconsistent with the general enforcement structure governing the other elements of the budget resolution. With regards to the points of order established under both sec. 311 and sec. 312, all committees except Ways & Means are held accountable to comply with their aggregate discretionary action allocation. Ways and Means, however, is obligated to comply with suballocations within its total. By subjecting tax expenditures to reconciliation instructions and enforceable allocations, the bill deprives the Ways and Means Committee of exercising its judgment and expertise as to the most appropriate reveue mix for achieving the level of revenues mandated in the budget resolution.

All other committees are specifically exempted from points of order if their bills are within their overall allocations, even if they have the effect of breaching the aggregate level involved. The Ways and Means Committee should not be required to comply with a more restrictive standard.

We strongly recommend that the reconciliation and allocation controls affecting tax expenditures be deleted and that a reasonable and prudent approach to dealing with the tax expenditure issue would involve proceeding in a non-binding, advisory manner for a period of time.

Section 312 and Section 311

The proposal establishes a new point of order (section 312) against bills or amendments thereto which breach a committee's discretionary action allocation provided pursuant to section 302 (a) of the Budget Act. (Allocation for discretionary action is defined as an amount of increase or decrease in current law budget authority which is assigned to a committee pursuant to a budget resolution. In this sense it can refer to either mandatory or discretionary spending. Allocation for discretionary action is a recently coined term of art, and is here first formally defined.)

While the intent of this provision is to provide a greater measure of control and accountability at the committee level, a commendable goal, the Task Force bill does not accomplish it. It actually distracts us from the comparision which we should be making, those at the subcommittee level. As an example, under the Task Force bill the Appropriations Committee could report 12 of 13 appropriations bill above their subcommittee allocation. The 13th bill, though it may be under its subcommittee, would cause the committee toal to be breached, triggering a point of order. It is not likely that Congress would in fact uphold a point of order against that bill, and enforcement would be nonexistent.

Section 312, rather than introducing budget discipline on an incremental level, actually destroys the current emphasis on budget limits for individual bills. The tool (point of order) is stronger than current law, but the scope is much narrower. The section is all but useless for controlling spending.

There is a second loss of enforcement in the bill. A new exception to the section 311 point of order is carved out whereby bills which breach the overall ceilings for budget authority are nevertheless allowed to proceed if they do not exceed their committee allocation. We believe that it seriously weakens the budget process to eliminate the current section 311 ceiling on spending through this automatic exception. At some point it is important that the House recognize overtly that the aggregate ceilings in the budget resolution have been breached. Under this proposal the only mechanism capable of providing this notice is eliminated.

Outlays

A more serious flaw in the Task Force bill is that it ignores outlays as a serious measure of budget compliance. Currently we "keep score" of spending bills on the basis of budget authority as well as outlays. H.R. 5247 reduces the concept of outlays to informational purposes only. No control over outlays exists in the Task Force bill.

Outlays are the most important budget aggregate. We pass our budget resolutions on the basis of outlays. Outlays are the one way we have of summarizing all manner of spending into a common definition. By eliminating even the minimal controls which now exist, we have simply allocated outlays to the "uncontrollable" portion of the budget. The result will be higher spending, an ironic result for a bill which seeks to improve the budget process.

When these changes are considered in toto, they represent a serious weakening of budgetary discipline in the budget process. We strongly recommend that the sec. 311 point of order be retained without exception as an important element of the integrity, discipline and accountability of the budget process. In addition, we recommend that outlays be restored as an integral element of the budget process, and that, at the very least, outlays be included in the sec. 302(a) Discretionary Action Allocation to commitees. Finally, we recommend that the new section 312 point of order be modified to lie against bills which breach the subcommittee rather than the committee allocation. In lieu of that, the current budget process—with no point of order—would be preferable to section 312.

Reconciliation

The reconciliation process is probably the most effective enforcement mechanism in the entire budget process. We are pleased that the Task Force has recognized its legitimate place in the first budget resolution (the only required resolution under the Task Force proposal), and that it has expanded the possible use of reconciliation directives to three years (current out-year directives may only be advisory. We also agree that the primary focus of reconciliation directives should be on entitlements and revenues.

At the same time, we are concerned about the outright prohibition in section 310(c) against including changes in authorization laws in reconciliation directives. This represents a weakening of a process that needs strengthening. This language does not reflect the need to sometimes reconcile authorizations which have the characteristics of entitlements but technically are not (e.g., food stamps). We do not think the bill as written will adequately cover all contingencies where it may be desirable to use the reconciliation process, yet would be prevented from doing so by the rigid language of sec. 310(c).

We would therefore recommend that this outright ban on reconciliation instructions for authorizations be stricken from the Budget Act proposal and, as the Task Force intends to do with program liberalizations, this language be included in the Task Force report only, thus giving it advisory status of a non-binding nature. We think such an approach would provide sufficient guidance to the Budget Committee and the House without imposing a rigidly inflexible ban that might prevent an urgently needed or desirable change in authorization law on rare occasions in the future.

We are also troubled by another change to the Reconciliation process the Task Force has recommended. The Budget Act currently provides that a budget resolution shall to the extent necessary specify the total amount by which spending and revenues should be reconciled. The Task Force bill changes that provision to "may . . . . specify". This subtle change is designed to say, "You don't have to enforce your budget if you don't want to." We reject that position and urge the Committee to keep the language contained in current law.

Finally, some concern has been expressed that the new section 310(d) gives the Rules Committee joint legislative jurisdiction over every subject matter of every other committee of the House. This is not the case. The Rules Committee may not directly amend a reconciliation bill under this proposal, but simply make in order amendments under the rule on that bill to achieve the savings not reported by a committee. It is expected that such amendments would either be suggested by the Budget Committee, Members of the delinquent committee or the leadership.

Baselines

We agree with the intent of the Single Binding Resolution draft bill to provide for a reasonable, commonly agreed-upon definition of baselines to be used on Congressional Budget Office reports.

We believe that the historical level of spending as projected for the ongoing fiscal year should be the primary baseline, from which discussions of spending in an upcoming fiscal year are conducted. This is the only intelligible way to define an "increase or decrease" in spending in a political environment. Baselines with "built-in" increases have in recent years rendered the discussion of "what is or is not a spending cut" extremely confusing and have probably contributed unfairly to a public opinion that a lot of spending has been cut back when in fact only the growth of spending has been cut back.

Some modification of clarification of the current law (Section 202(f) of the Congressional Budget Act of 1974) may be disirable. We feel it may be preferable instead to provide CBO with guidance through report language, or through broader statutory language.

Procedural changes in budget resolutions

The Task Force proposal makes three recommendations with respect to any new procedures contained in a budget resolution which are not specifically provided for by House Rules or the Budget Act: (1) the Budget Committee is urged to give early notice to affected committees of any new procedures likely to be included to permit opportunity for comment; (2) budget resolutions containing such procedures would be automatically referred to the Rules Committee for a five-day period for possible amendment; and (3) a separate debate and vote could be demanded on any procedure in a budget resolution conference report which is different from what was in the House-passed version.

We are pleased that the Task Force has retained the so-called "elastic clause" which permits the Budget Committee to include in a budget resolution "such other matters and . . . such other procedures relating to the budget as may be appropriate to carry out the purposes of this Act.: (sec. 301(b)(3)), despite pressures from some sources to repeal the elastic clause. It was this clause that permitted the budget process to evolve into its present form, and many of the provisions being codified in the Task Force proposal were initially introduced into the budget process under the authority of the elastic clause. We strongly feel it should be retained to allow for the further adaptation of the budget process to changing times and circumstances.

At the same time, we understand the concern of some that significant changes in the process have taken place under the elastic clause with little notice or debate. We endorse the continued consultation and notice to the House and its committees of any contemplated procedural changes to be made in a budget resolution.

We have no strong objection to referral to the Rules Committee of budget resolutions containing procedural changes though we would prefer to leave this at the discretion of the Rules Committee chairman, in consultation with other members, as is now the case. Indeed in the first session of this Congress the Rules Committee exercised its discretionary authority to request a sequential referral and held a special hearing on the procedural aspects of the budget resolution (H. Con. Res. 91) before moving on to the consideration of a rule on the resolution. Under the rigid Task Force referral requirement, the resolution would have to be referred to the Rules Committee even if the procedural changes were identical to those contained in previous budget resolutions, thereby posing the prospect of rehearsing the same old complaints every year. The Rules Committee might consider only requesting sequential referral if comparable procedural changes have never been previously adopted by the House.

On a related matter, we strongly oppose section 305(c) of the Task Force proposal which permits a motion to reject any procedural provision contained in a conference report on a budget resolution if that identical provision was not included in the House-adopted resolution. Each such motion would be subject to forty-minutes of debate and a separate vote. This provision goes far beyond the present House germaneness rule for conference reports which provides simply that a point of order may be sustained against a provision in a conference report if it is not germane to the House-passed measure.

Such a provision seriously hamstrings House conferees in their ability to compromise with the Senate on these and other provisions at issue between the two bodies. We therefore strongly urge that section 305(c) be stricken in its entirety. Current House rules with respect to conference reports are sufficient to handle new and nongermane provisions contained in conference reports at the insistence of the Senate.

We concur in the Task Force recommendation that section 305(a) of the Budget Act be amended to shorten the layover period for Budget Committee reports from ten to five days (excluding Saturdays, Sundays, and legal holidays) before a resolution may be considered on the House floor. However, we note that this layover requirement has been routinely waived by the Rules Committee in recent years anyway.

There has been an unfortunate tendency in recent years to rush budget resolutions to the floor before the ink is even dry on the Budget Committee's report. Last year, the first budget resolution for fiscal year 1984 (H. Con. Res. 91) was filed on March 21, 1983, and sequentially referred to the Rules Committee for a two-day period. The Rules Committee met on the same day, both for a first-time-ever hearing on its original jurisdiction responsibilities, and for the consideration of a rule on the resolution. And, on that same day, the Rules Committee ordered the resolution reported (without recommendation for further amendment), and reported a modified closed rule on the resolution.

On the following day, March 22nd, the same day the reports of the Budget and Rules Committees were first available to Members in published form, the House adopted the rule and began general debate on the resolution. And, on the following day, March 23rd, only the second day after the availability of the two reports, the House completed general debate and adopted the resolution.

We should also note that this steam-roller process only provided foı one amendment to the budget resolution—a minority substitute. Yet, the minority had not requested that a substitute be made in order, and instead had asked for the opportunity to offer a series of amendments.

This year the Budget Committee reported the budget resolution on March 31. The Rules Committee reported an amended version of the resolution on April 3, we began debate on April 4.

Because budget resolutions have such enormous importance for the future fiscal course of the government as well as subsequent legislative actions, we feel the five-day layover period for Budget Committee reports should be a minimum period, not subject to waiver by the Rules Committee, to permit Members adequate time to study the report and the alternatives.

CBO Director

Sec. 302 of the Task Force proposal would amend sec. 201(a)(2) of the Budget Act to require that the Director of the Congressional Budget Office be appointed by the Speaker of the House and President pro tempore of the Senate after considering recommendations from the committees of the House and Senate. Under present law, the leaders of the two Houses need only consider the recommendations of the House and Senate Budget Committees.

We oppose this expanded consultation requirement because it could lead to prolonged delays and politicization of the CBO Director's appointment process. The latter prospect would be especially unfortunate given the nonpartisan nature of the Congressional Budget Office and the statute's requirement that he director be appointed "without regard to political affiliation and solely on the basis of his fitness to perform his duties."

To now imply that the Director be the consensus of some 42 House and Senate committees opens the process to all manner of political in-fighting, pressures, demands, and threats. Moreover, it makes the task of the leadership in finding a choice acceptable to all nearly an impossible one. As our most recent experience demonstrated, the present process is difficult enough in finding a nominee that is acceptable to just two committees. The Task Force proposal would multiply this problem 21-fold.

Budget Committee membership

While the Task Force proposal makes no recommendations for changing the present makeup of the House Budget Committee, Chairman Beilenson has stated in a May 3, 1984 letter that he will propose changes during the Rules Committee consideration of this proposal. One change would be the appointment of committee chairman and other leadership representatives to the Budget Committee in order to give it more clout and better coordinate its work with the other committees and the leadership. We think this proposal is unsound on two counts: (1) committee chairmen and senior leadership representatives would not have the time to devote to this new responsibility, especially since the bulk of the work of both the authorizing and Budget Committees tends to fall at the same time—at the beginning of the calendar year; and (2) the Budget Committee would tend to reflect the priorities of individual committees under such contrrol, more than of the institution as a whole.

At present House Rule X, clause 1(e) requires that the Budget Committee include 28 members from other standing committees, including five each from Committees on Appropriations and Ways & Means, plus one Member from the leadership of each political party. We think this requirement provides adequate protection and representation for the interests of the other standing committees of the House while not making the committee a direct creature of those committees.

A second proposal that has been floated is to make the membership of the Budget Committee permanent rather than limited to three consecutive terms (except for the leadership representatives) as is now the case. Again, the point is made that permanent membership would give the Budget Committee more clout, continuity, expertise and equivalence with the Senate (which has permanent membership), than is now the case. While this proposal has superficial appeal, it is our observation that our Budget Committee has never found itself in a weaker position vis-a-vis the other body because of its rotating membership. If anything, our Committee has consistently proven itself to be more knowledgeable and persuasive in its dealings with the Senate.

But more importantly, we think the rotating membership requirement has a distinct advantage in acquainting more House Members with the intricacies of the budget process and the overall fiscal problems confronting our nation—a perspective which many Members would otherwise not have if they remained only on their authorizing committees for the duration of their tenure in Congress. This perspective also strengthens the abilities of our Members in their work on their authorizing committees with respect to budgetary problems and issues. We think the rotating membership requirement is primarily responsible for maintaining a healthy balance and relationship with other committees. We therefore favor retaining rotating membership as essential in providing balance and cross-fertilization between the budgetary and authorization-appropriations processes. This process might be supplemented by CBO-led seminars on budgetary economics for new members of the Committee, however.

ADDITIONAL VIEWS BY HON. BILL FRENZEL

The Congressional Budget Act of 1974 has had a mixed record in the nine years of existence. I am unsure how much spending has been restrained by the Act, or how much fiscal accountability it has introduced, but I believe, in total, the Act has cost us more than it has saved.

Where it has failed, in my judgment, it has been because the Act has not been a sufficiently powerful tool of discipline. In other words, it is still too easy for a fiscally undisciplined Congress to ignore the controls of the Budget Act.

Therefore, any review of the Act must focus on means of improving its controls, and making it as effective and uncumbersome as possible.

Unfortunately, this Task Force missed the opportunity to do so. Since it is possible to review the Act only once in a decade, we should allow for a complete and thorough consideration. The Budget Process Task Force held exhaustive hearings under the able leadership of Chairman Beilenson. I am very disappointed, though, that no opportunity was afforded Task Force members to suggest improvements to the two bills presented for our consideration. No consensus bill was formed through discussion, or formal or informal mark-up. Real problems and potential difficulties were discovered, but no improvements were made.

Although a mark-up and debate of the bill may occur later, the process expertise developed by Task Force members will have been lost. Moreover, the bill would be much more effective, and more-likely to be seriously considered, if there had been more deliberations on the specifics of the bill.

But I am most disappointed that the focus of the bill is to weaken spending controls. I cannot recall a single instance in which taxpayers would have benefited from a Budget Act that included looser controls, more easily breached ceilings, and weakened scorekeeping.

There are some positives in the bill, most notably improved coverage of off-budget and credit activities. Direct loan obligations and guarantees loan commitments that are exempt from appropriation act limitations cost $138.6 billion in FY 1983. Off-budget spending was $12.4 billion in FY 1983. Unified budget controls in effect since January of 1980 have been helpful in accounting and scorekeeping. This bill makes further improvements in controls. However, the bottom line is that if we can't control spending, we can't control credit or off-budget spending.

A second improvement in the bill is a move to a single, binding resolution. Second and subsequent resolutions have not been necessary or helpful. In FY 1976–1979, the second resolutions were fundamentally the same as the first resolutions. Only in FY 80 and FY 81 were the seconds different. In 82, the second was identical to the first, and in 83, 84 and the House-passed 85 resolutions, an identical second is made automatic if a second is not passed prior to a date certain. A single, binding resolution is all that is necessary, and will help focus budget decisions.

The timetable for consideration of the budget is, in my view, terribly optimistic. I do not believe that we can meet the deadlines, but I feel that it is important to urge an expedited schedule.

Despite these improvements, the bill on balance does not deserve support. It seriously erodes the purposes of the Budget Act, and will cripple the tools available to those Members who are interested in fiscal discipline.

BUDGET LIMITS AND SPENDING CONTROLS

The current Budget Act divides spending, in the form of budget authority and outlays, among the Committees. Committees then divide their budget authority and outlay allocations among their respective subcommittees. All spending bills can then be compared against these individuals section 302(b) subcommittee allocations. It is possible to account for spending decisions on an incremental basis.

The Budget Process Task Force bill makes one salutory improvement to this procedure but, in toto, seriously damages it.

The first flaw is that outlay allocations are ignored by the bill. The new section 302 allocates to Committees budget authority, entitlement authority, revenues, tax expenditures, direct loan obligations and primary loan guarantee commitments. There is no control over outlays. The only mention is the new section 302(e), which requires that outlays be estimated only "for purposes of information".

Outlays are the most important budget aggregate. We pass our budget resolutions on the basis of outlays. Although Committees appropriate budget authority and entitlement authority, those numbers are developed in order to determine the actual amount of spending in each year, which is the outlay amount. It is outlays, not budget or entitlement authority, which, when compared to revenues, constitute the deficit. We should be able to account for our spending decisions.

By allowing Committees, particularly the Appropriations Committee, to arbitrage on the difference between budget authority and outlays, we allow more spending room. It is easy to under-appropriate entitlements and over-appropriate discretionaries. The result is higher spending. There is enough "uncontrollable" spending already, without adding outlay controls to the list.

Second, enforcement procedures are severely damaged. A potential improvement is the addition of a new section 312 point of order against consideration of a bill which would breach a Committee's budget authority allocation. At present, the only point of order in the Budget Act is against bills which breach total, aggregate budget authority, outlay, or revenue limits. The present point of order is clearly insufficient.

The new section 312 point of order is important, as it recognizes that incremental controls, rather that aggregate limits, are important. Though it is well-intentioned, though, my judgment is that it cannot be an effective enforcement tool, and actually impedes enforcement.

Since incremental controls are important, the point of order should properly lie against subcommittee allocations instead. Each spending bill ought to face an enforceable limit. Currently, in Floor debate spending bills are usually compared against 302(b) subcommittee allocations. The Budget Committee routinely reports 302(b) limits. Although no point of order currently exists against bills which breach the 302(b) limit, at least our usual debate focuses on a comparison between actual bills and the subcommittee's 302(b) limits.

This new section 312 point of order distracts us from that comparison. It makes only the total committee allocation worthy of attention. As an example, the Appropriations Committee may report 12 required spending bills, all of them exceeding the 302(b) subcommittee allocation. However, no enforcement provision procedure exists against these bills. Moreover, we lose the importance of comparing the bills against the 302(b). The 13th and final regular appropriations bill could be, by itself, under the budget limit. However, it could breach the total Committee limit, and therefore be subject to a point of order. It is doubtful that Congress will have the discipline to enforce the point of order against a bill which is, by all measures except the 312 point of order, under budget. Nor should we penalize the last bill out of Committee.

Section 312, rather than introducing budget discipline on a incremental level, destroys the current focus on a budget limit for each bill. In my judgment, the current Budget Act, with no point of order whatsoever, is preferable to this provision. Even better, the new section 312 point of order should be modified to lie against bills that exceed the subcommittee, rather than committee, allocation.

There is a second loss of enforcement in the bill. As noted, the current Budget Act section 311 imposes a point of order against bills that exceed aggregate spending or revenue levels. That limit has not been helpful. The new bill waives the 311 point of order for bills which exceed the outlay ceiling, weakening the point of order even further. We ought to count outlays, and enforce our limits on them. As 311 has been a mostly useless provision, the best alternative would be to eliminate the aggregate limit altogether and impose spending ceilings on the subcommittee level.

A final, third, flaw is introduced. Section 302, which allocates spending, allows "allocation for discretionary action for such fiscal year or for the total for such fiscal year and each of the two ensuing years". That language is repeated in both the section 311 and section 312 enforcement provisions. In particular, the language in section 312 is ominous. It allows an allocation "for such fiscal year (or, if such allocation is for the total of such fiscal year and the two ensuing fiscal years, then the three-year total)".

The provision seems to introduce the possibility of three-year budgeting. To meet budget targets we can easily borrow on coming years' allocations. Not only will Committees face only one budget limit, they could conceivably face it only once every three years. I do not believe that the Task Force intended to introduce this. We should eliminate the ambiguity in this language.

RECONCILIATION

Reconciliation is the one potent tool in the Budget Act. It has been helpful in imposing some fiscal restraint, and should be vigorously defended. This bill makes several ill-advised modifications.

Reconciliation should be mandatory, not optional, when spending reductions are required to meet budget limits. This bill makes reconciliation optional. We should reconcile outlays, as well as other spending. This bill excludes reconciliation of outlays.

The bill also prohibits reconciliation changes in authorization levels. As critics have pointed out, this provision would exclude reconciliation of quasi-entitlements, such as food stamps. Reconciling authorizations does not encroach on the jurisdiction of the authorizing committees. They still retain the responsibility and right to report any change in reconciliation levels. To be effective, sometimes reconciliation must be painful. We should not carve out any category of spending for preferential treatment.

Finally, the Rules Committee should not be empowered to report reconciliation legislation if a Committee fails to report recommendations. Although the Budget Act does not grant Rules that authority, the Committee has in the past reported reconciliation legislation. That responsibility properly ought to be with the Budget Committees.

TAX EXPENDITURES

I also object to the concept of "tax expenditures", which is included in this bill. A tax expenditure is described by advocates as revenues lost to exclusions, exemptions or preferential treatment that would otherwise be raised under "normal" tax rates. Those who believe in tax expenditures assert that all dollars are obigated to the government, and that non-taxation or reduced taxation is a special benefit conferred by the government

I still have faith in the rather antique view that taxation of all activities is not the ordinary state of affairs. Taxes have to be collected to pay for government programs. We should raise them as painlessly and efficiently as possible. In that process we may provide some deduction or exclusion. That is not a gift by the government, nor does the government have a more "natural" claim to those revenues than it does to revenues from an increase in the marginal tax rate.

Tax expenditure is a fraudulent concept that may be handy for some, but to me it is without merit, and should not be included in the bill.

CONCLUSION

This bill was well-intentioned. The Budget Act does need reform. Those interested in making the Act more effective should not support this bill. We would be much better going back to the drawing board again to put some teeth into an Act that has become a pussycat.

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